

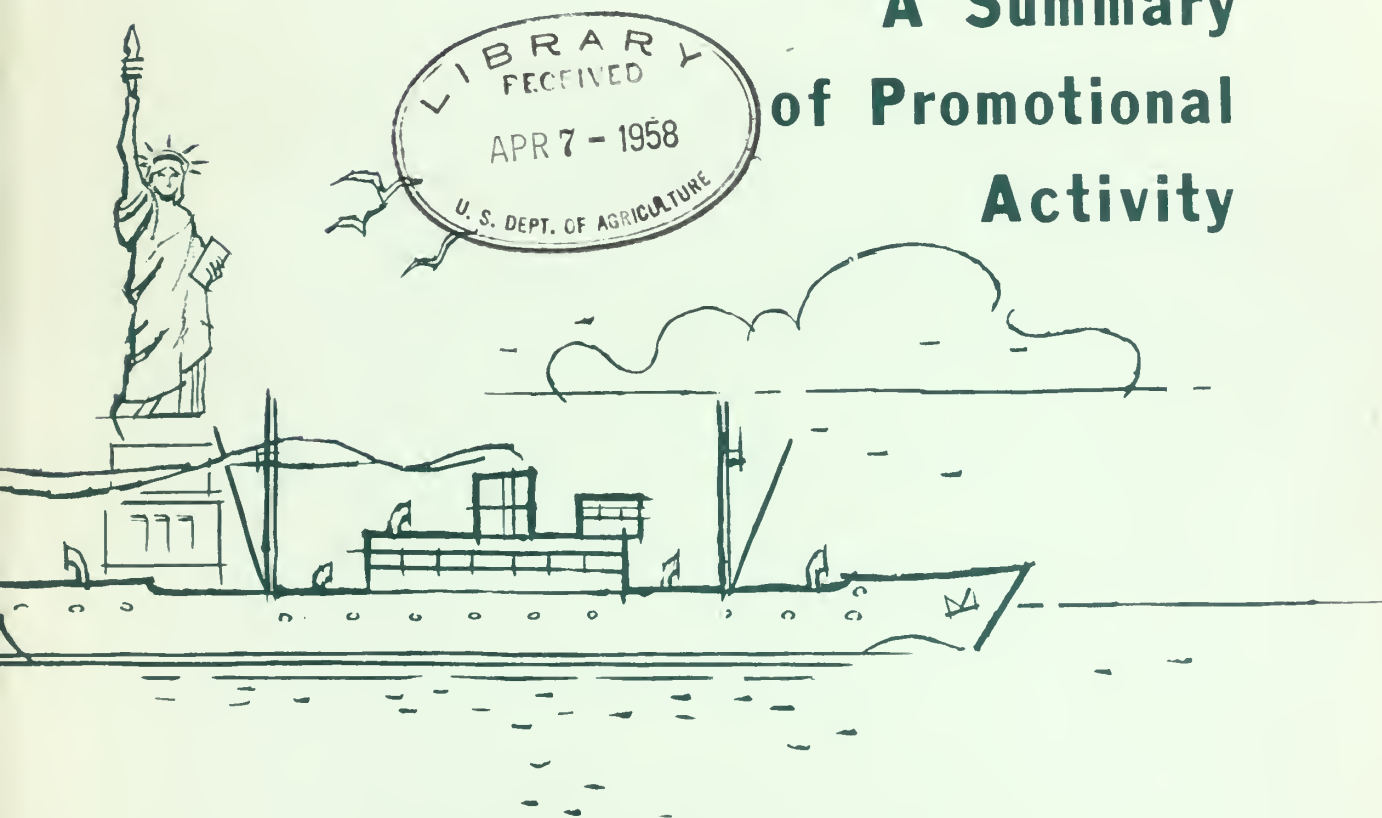
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DEVELOPING FOREIGN MARKETS for U.S. FARM PRODUCTS

**A Summary
of Promotional
Activity**



**U.S. DEPARTMENT of AGRICULTURE
Foreign Agricultural Service**

February 1958

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Developing Foreign Markets For U.S. Farm Products

A Summary of Promotional Activity

Export markets are a major outlet for U. S. farm products--an outlet for the production equivalent of 1 out of 5 acres of U. S. cropland in 1956-57, when U. S. agricultural exports reached the alltime high of \$4.7 billion. The Foreign Agricultural Service, working with U. S. trade and agricultural groups, is engaged in a broad export market development program with activities ranging from market surveys and analyses to cooperative projects using foreign currencies. This second annual report summarizes program activities for 1956-57.

Importance of Agricultural Exports

The maintenance of a high level of U. S. agricultural exports is essential to the continued prosperity of American agriculture. For the year ending June 30, 1957, 60 million of the 326 million acres of cropland in the United States were used for producing agricultural commodities for export. This means that the equivalent of 1 acre out of every 5 produced for export.

The producers of some agricultural commodities are much more dependent on export outlets than are others:

<u>Crop</u>	<u>Percent of production exported in 1956-57</u>
Rice.....	85
Cotton.....	57
Wheat and wheat flour	55
Tallow.....	49
Nonfat dry milk.....	48
Dry whole milk.....	38
Soybeans and soybean oil.....	37
Prunes, dried.....	31
Tobacco.....	30
Raisins.....	28
Cottonseed oil.....	27
Beans, dry edible.....	23
Lard.....	21

The value of U. S. agricultural exports in the year ending in June 1957 was at an alltime high--\$4.7 billion--representing 15 percent of the \$30.4 billion cash receipts received by farmers from farm marketings in 1956. This percentage, however, does not fully represent the importance of exports to farm income.

Reduced exports would mean greater losses to the income of American farmers than the equivalent value of these exports. The loss of export markets for the production of a major portion of this 60 million acres would result in further accumulations in Government stocks and would necessitate further curtailment of production. While the immediate effect on the prices of these commodities might be mitigated by price supports, the ultimate effect would be a disproportionate reduction in the incomes of producers; both price and volume would decline because of reduced market outlets. In addition, the resulting diversion of these acres to other uses very likely would mean excess supplies of other farm commodities, and this would depress the prices and income from these commodities. Thus, the maintenance of a high level of exports is of vital importance to the prosperity of not only the producers of the particular commodities that are heavily dependent upon export markets but also the producers of other farm commodities. Similarly the incomes of U. S. exporters would suffer, with repercussions throughout the marketing system.

The sharp decline in U. S. agricultural exports after 1951-52 was important in the accumulation of excessive supplies of U. S. farm commodities, which made necessary drastic efforts to reduce production. From 1951-52 to 1952-53 the value of U. S. agricultural exports dropped from \$4.1 billion to \$2.8 billion. Steps to reduce production included the use of both acreage allotments and marketing quotas.

Thus, from 1953 to 1957, wheat acreage was cut by nearly 24.6 million acres--36 percent; corn by 8.2 million acres--10 percent; cotton by nearly 10.6 million

acres--43 percent; and tobacco by 0.5 million acres--31 percent. Rice acreage was reduced from nearly 2.6 million in 1954 (a year before controls were applied) to less than 1.4 million acres, a reduction of 47 percent. In all, 45 million acres were taken out of production of these commodities.

Beginning in 1954, the development of export markets has been reemphasized and strengthened. Largely as a result of this effort the downward trend has been reversed and total exports reached the record of 1956-57.

Export Situation

In the year ending June 30, 1957, the value of U. S. agricultural exports reached the peak of \$4,724 million, and represented 23 percent of world agricultural trade in products that the United States produces commercially. This was 17 percent above the previous record of \$4,053 million in fiscal year 1952 and 35 percent above the \$3,496 million in fiscal 1956. Export quantity also set a new record by surpassing 1919, the previous high year, by 30 percent and fiscal year 1956 by 40 percent.

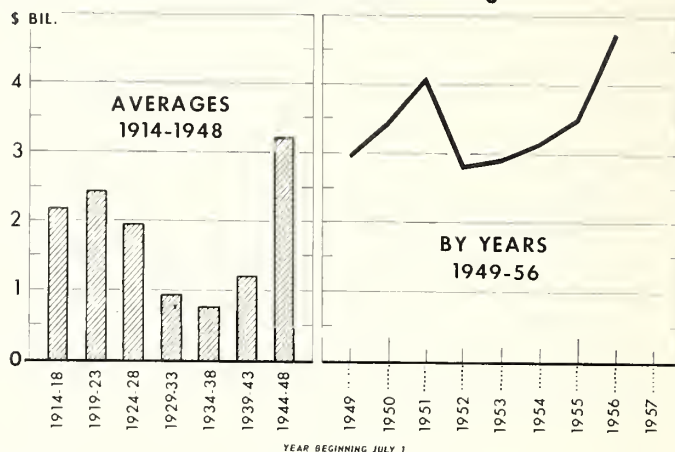
Compared with 1956, main factors in the 1957 increase were these: Abundant U. S. supplies; economic expansion and prosperity abroad, particularly in Western Europe and Japan; Commodity Credit Corporation (CCC) sales for export at competitive prices; sales for foreign currencies under Public Law 480 (Agricultural Trade Development and Assistance Act of 1954); expanded barter and donations for relief abroad; and reduced output of a number of crops in foreign countries.

Three commodities--cotton, wheat, and rice--stand out in the export gain from fiscal 1956 to 1957. Cotton accounted for 61 percent of the overall value rise; wheat, 30 percent; rice, 8 percent.

Ten countries--5 in Europe, 4 in Asia, 1 in North America--figured in 80 percent of the gain. With other outlets also sharing in the increase, the United States last year shipped substantial quantities of farm products to more countries than ever before.

Although agricultural exports go to practically every country in the world, 5 countries accounted for 43 percent of the 1957 total. They are the United Kingdom, Japan,

U. S. Agricultural Exports at All-Time High



West Germany, Canada, and the Netherlands. However, exports valued at more than \$125 million were made to each of 12 countries. The best outlets were mainly the industrially advanced countries, which buy for dollar exchange, although last year's exports included heavy shipments to lesser-developed areas, like India and Spain, which participated in Public Law 480 Title I foreign currency sales programs.

Agricultural commodities comprised 23 percent of total U. S. exports in fiscal year 1957 compared with 21 percent in 1956. For the most part, the rise in agricultural exports in 1957 was accompanied by an increase in nonagricultural exports, and total exports set a new record in 1957--\$20.7 billion compared with \$16.9 billion in 1956.

Commercial sales of agricultural commodities outside of Government programs increased to a total of \$2,722 million in fiscal year 1957 from \$2,078 million in 1956--up 31 percent. In each year, they comprised about 60 percent of total U. S. agricultural exports. Also, exports under Government programs rose--from \$1,357 million to \$2,002 million. About 70 percent of the increase in "program exports" was in Public Law 480 foreign currency sales.

Exports of cotton, excluding linters, in fiscal year 1957 totaled 7.6 million bales (480 pounds net), more than 3 times as much as in 1956 and the largest volume since 1934. Main reasons for the rise: CCC sold cotton for export at competitive world prices, foreign inventories were

rebuilt, foreign supplies for export were smaller, and foreign consumption was greater.

Wheat exports (including the grain equivalent of flour) were 550 million bushels in 1957, more than 1-1/2 times as much as in 1956 and surpassing the prior record of 505 million bushels in 1949. Exports to Asia increased most, but Europe remained the main outlet. The European crop was smaller and of lower quality. Moreover, buying ability abroad generally was better.

Feed grain exports (including products) were 7.1 million short tons, 16 percent under the 1956 record of 8.5 million tons. Only corn showed an increase.

Rice exports set a new record in fiscal year 1957--26.5 million bags (milled basis), more than double the 1956 volume of 11.8 million. Other exporting countries had less to export because of small crops and depleted stocks.

New export records were set in 1957 also for soybeans and edible vegetable oils. Soybeans rose from 71 million bushels in 1956 to 77 million in 1957. Combined soybean and cottonseed oil exports increased from 1 billion to 1.4 billion pounds.

Tobacco exports amounted to 501 million pounds (export weight) in 1957, 13 percent under 1956's 578 million pounds, but were the third highest of record. Foreign

countries had accumulated large stocks in 1956 and were in the market for less in 1957. Also U. S. prices for certain traditional export grades were higher. Export quality of certain U. S. leaf was unsuitable. Foreign competition was greater.

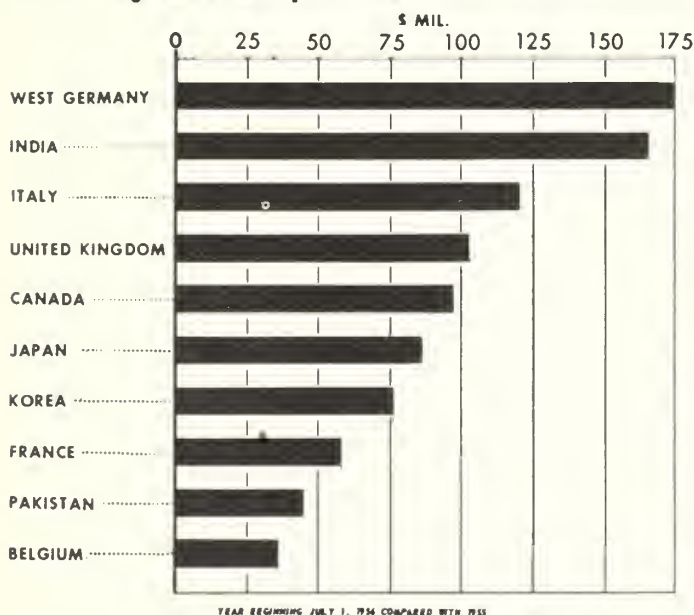
Exports of fruits and preparations rose from \$220 million in 1956 to \$230 million in 1957, the highest annual value on record. Fresh fruits were down 9 percent in volume. Dried fruits and fruit juices were up slightly, and canned fruits rose 23 percent. The United States is now the largest exporter of canned fruits. Trade liberalization abroad helped last year's exports of several fruits.

Exports of vegetables and preparations rose from \$109 million in 1956 to \$138 million in 1957. Dry edible beans increased 54 percent in volume, and dry edible peas more than doubled. Fresh vegetables were up slightly, and canned vegetables gained 50 percent.

Exports of livestock products totaled close to \$700 million in both fiscal years 1956 and 1957. Notable shifts: Increases in meats; decreases in dairy products. Animal fats, hides and skins, and live animals were fairly steady.

Exports of meats, including poultry, gained from 272 million pounds (product weight) in fiscal year 1956 to 367 million pounds in 1957. Shipments of dairy products, mostly donations, declined from \$283 million in 1956 to \$223 million in 1957. Exports of animal fats totaled 2.1 billion pounds in fiscal year 1957 compared with 2.2 billion in 1956.

10 Countries Account for 78 % of U. S. Agricultural Export Gain



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Market Development Activities

Market Surveys and Analyses

Market surveys and analyses have a vital role in the development of foreign agricultural markets. Results of these studies serve both as a guide to U. S. exporters and as a necessary component of all other market development programs and activities. Information on foreign markets is constantly obtained and analysed, then furnished to the trade and others.

The primary source of such information is the reports of U.S. agricul-

tural attachés of the Foreign Agricultural Service. On June 30, 1957, 85 attachés were stationed in 56 foreign posts covering 107 countries. The attachés prepare periodic and special reports covering all facets of foreign agricultural and economic conditions--crops and trade, policies and operations, and general economic factors like national income and population trends. In short, they cover anything that has a bearing on export markets.

Another source of information on foreign markets is the spot surveys and investigations made in main exporting and importing countries by FAS commodity specialists. These studies supplement information provided through the attaché reporting system; they are detailed commodity studies in countries or regions most important to the commodity's export market. By working with producer, consumer, trade, industry, and government representatives in an area, commodity specialists obtain information on both present and potential markets.

Other important sources of information include trade reports and publications and personal discussions with U. S. and foreign trade representatives and government officials.

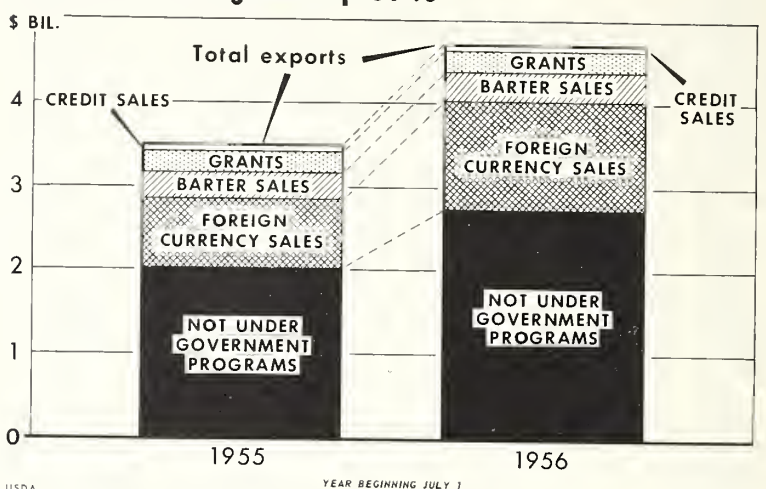
Examples of market information that may be valuable, if it is transmitted or verified early enough, are actual or threatened shortages or surpluses. Also, for the longer range, trade forecasts and projections are prepared, reflecting not only basic economic influences but also effects of government policies and operations, such as price supports, trade restrictions, and currency controls.

Market Information and Services

Expanding, or even maintaining, foreign markets for U. S. agricultural commodities today is possible only with knowledge of world developments that affect agricultural trade.

One way foreign market information helps build export markets is to bring foreign buyers and U. S. exporters together. For example, informed of herd and flock improvement programs in foreign countries,

Agricultural Exports Not Under Government Programs Up 31 %



the U. S. cattle and poultry industries have established contact with the persons or organizations abroad seeking imports of purebred stock. In the case of many commodities, U. S. trade groups, notified in advance of purchase missions coming from other countries, have arranged to meet them. Also, U. S. businessmen going abroad have used information furnished them by FAS to establish business contacts there.

Foreign market information is made available to U. S. traders through fast communications media. In addition to press releases where appropriate, these include publications such as Foreign Crops and Markets designed in content, speed of issuance, and method of distribution to meet the specialized informational needs of exporters, producers, and handlers of agricultural exports.

Weekly issues make it possible for the U. S. agricultural trade to receive market information from anywhere in the world within days after it becomes available. Monthly supplements provide periodic, scheduled reports on world agricultural production and trade which serve as guidelines in export planning and promotion. Among other uses, they serve for foreign trade the same purpose that USDA crop reports serve for U. S. agriculture generally. Foreign Agriculture Circulars convey the latest and fullest possible market information, usually for separate commodities. They are distributed to trade interests particularly concerned with those commodities.

Many publications report facts or analyses of particular marketing timeliness or are basic to market development; among them, "Agricultural Policies of Foreign Governments, Including Trade Policies Affecting Agriculture;" "Mexico as a Market and Competitor for U.S. Agricultural Products;" "Agricultural Developments in South Asia . . . Their Effects on U. S. Farm Exports;" and "The Status of Quantitative Import Controls over Selected U. S. Agricultural Exports in 16 European Countries."

Through its information services, FAS also keeps U. S. traders advised on such special programs as sales for foreign currencies under Title I of Public Law 480, CCC export sales, export credit, foreign aid, barter, and foreign grants and donations. For example, the U. S. trade is immediately notified when a Title I sales agreement is signed between the United States and another country. Further, the trade is immediately informed when, under such Title I agreements, the country is issued an authorization financing purchases of U. S. agricultural products and when the country designates its purchasing agent.

Spotlight on Foreign Marketing is now in its second year. This is an internal periodical through which agricultural attachés and others are kept abreast of trade activities and supplied with current information on market development progress and possibilities. It reports on current commodity export prices, commodities most favorably priced to meet foreign competition, new products, and other export highlights. It also describes market development projects being undertaken with private industry groups and includes suggestions for new ones. It is especially designed to assist the attaché in his contacts with representatives of foreign governments, the trade, and the press. From time to time it includes a special supplement discussing the peculiar advantages and trading possibilities of a given U. S. agricultural commodity or the operation of a newly inaugurated program aimed at increasing export sales.

Reducing Foreign Trade Barriers

A basic objective in the development of markets is to secure the reduction or removal of trade barriers, including exchange controls and other government regulations,

which serve to limit export markets for U. S. agricultural products. Gaining access to existing markets in this way is equivalent to developing entirely new markets for U. S. agricultural commodities.

Foreign countries' purchases of U. S. commodities, including agricultural commodities, are of course limited by their ability to pay--that is, by their dollar earnings and reserves of gold and U. S. dollars. When reserves increase, the trade outlook becomes brighter and more progress toward reduction of trade barriers becomes possible. When reserves go down, the tendency is to impose trade and payments restrictions that will stop the drain on reserves; consequently, trade suffers. The gold and dollar holdings of foreign countries, illustrated by the accompanying chart, indicates the financial climate in which efforts to reduce trade barriers must be made.

During 1957, continuing dollar shortages in many countries were an important reason why some of these countries maintained exchange controls and other restrictive regulations, and they constituted a major limiting factor to the normal commercial exports of U. S. agricultural commodities. The balance-of-payments position of a number of foreign countries vis-à-vis the United States deteriorated considerably.

Instead of a net receipt of dollars, foreign countries collectively experienced a net payment of dollars to the United States. As a result, the upward trend in foreign countries' gold and liquid dollar assets which had prevailed since the end of the postwar reconstruction period was reversed. In spite of adverse trade balances, however, foreign countries' dollar losses to the United States as reflected in their balance-of-payments were temporarily offset by a combination of newly mined gold entering reserves and large dollar assistance by the International Monetary Fund (IMF). To alleviate foreign exchange shortages, foreign countries drew \$1.3 billion from the IMF in 1956-57.

Thus, on June 30, 1957, gold and dollar assets abroad (public and private) amounted to \$29.6 billion, an increase of \$1.1 billion since the end of June 1956.

The gold and dollar assets of some countries already in a strong financial position increased markedly during the year; they are West Germany, Venezuela, Canada, and Switzerland. Other countries that ex-

perienced improvement in their exchange position included Italy, Sweden, Austria, Norway, Union of South Africa, and Panama. Several countries, most of them industrialized, sustained dollar losses--some rather large: France, Japan, Netherlands, Argentina, Belgium-Luxembourg, Brazil, Spain, and the United Kingdom. The United Kingdom's dollar losses were more than offset by a large dollar drawing (\$561.5 million) on the IMF. With the exception of Japan and France, these losses have not resulted in any appreciable tightening of import restrictions.

In many other countries--mostly less developed--gold and dollar assets declined. In such areas, there does not appear to be an early prospect for reducing the exchange difficulties encountered in efforts to develop dollar markets for U. S. agricultural products.

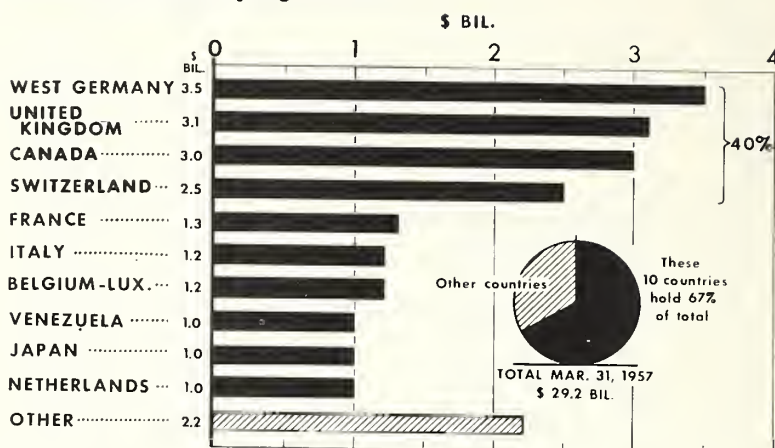
In all areas, efforts to reduce trade barriers and relax controls affecting U.S. agricultural exports have been continued wherever opportunities have occurred. These opportunities are afforded, in individual countries, through the daily contact of U.S. agricultural attachés with representatives of governments, through attaché and marketing specialist contacts with trade representatives, and through diplomatic channels.

The most effective international forum in which to seek the reduction of trade barriers continues to be the meetings of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT).

Countries adhering to the GATT include most of the major trading nations of the Free World, and account for over 80 percent of total world trade. In addition to its 35 trading partners in the GATT, the United States has trade agreements with 8 other countries. U. S. agricultural exports to trade agreement countries (including the 8 nonmembers of GATT) totaled \$2,450 million in 1955 and \$3,215 million in 1956, compared to farm exports to all other countries amounting to \$744 million and \$942 million, respectively.

As a result of a U. S. proposal under the procedures of GATT, other Contracting Parties have agreed to overall reviews of the application of trade controls growing

Four Countries Hold 40% of World Dollar Buying Power



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out of balance-of-payments difficulties. Two such reviews were held in 1957: One, in June with 8 countries (Austria, Denmark, Germany, Greece, Italy, the Netherlands, Norway, and Sweden), and the other, during October-November at the fall meeting of the Contracting Parties. Included in the latter session were Finland, Brazil, Turkey, the United Kingdom, Rhodesia and Nyasaland, France, India, Pakistan, Ceylon, New Zealand, Australia, South Africa, and Japan.

In both meetings, the goal sought by the United States was the progressive elimination of trade barriers. Several countries reported that they had already extensively liberalized dollar trade and, in some cases, were planning further liberalization. Progress made for specific commodities in individual countries has been outlined in published reports of FAS during the year, and main developments are discussed under the commodity sections of this report.

Export Programs

For the past 4 years, U. S. traders have been assisted in the exportation of agricultural commodities in two ways: (1) Competitive pricing--during this period more Government stocks have been made available to U. S. exporters at prices competitive in world markets, and (2) special Government export programs, principally under Public Law 480.

These programs have made important contributions to the increase in total agricultural exports, which reached the record

\$4.7 billion during fiscal year 1957. While regular sales for dollars continued to account for the bulk of agricultural exports--\$2.7 billion of this total--Public Law 480 exports accounted for more than \$1.5 billion, or about 32 percent of the total. Adding exports under the Mutual Security Act and Export-Import Bank loans and CCC credit sales, exports under special Government programs accounted for \$2 billion, or approximately 40 percent of total exports.

U. S. agricultural exports outside and under Government programs, fiscal years 1952-57

Year	Outside programs	Under programs	Total exports
	<i>Bil. dol.</i>	<i>Bil. dol.</i>	<i>Bil. dol.</i>
1952.....	3.2	0.9	4.1
1953.....	2.3	0.5	2.8
1954.....	2.2	0.7	2.9
1955.....	2.2	0.9	3.1
1956.....	2.1	1.4	3.5
1957.....	2.7	2.0	4.7

CCC Export Sales.--Agricultural commodities held by CCC are available to U. S. commercial exporters for dollar sales. A monthly CCC sales list shows price support stocks and prices. Prices for certain commodities are at competitive world levels to encourage dollar sales abroad. Also the sales list facilitates movement of commodities into domestic use. During fiscal 1957, CCC dollar sales for export totaled about \$1.5 billion at CCC investment, or \$1 billion export market value. Since August 1957, a CCC representative at the Hague has assisted European importers.

Dollar Export Credits.--For several years, the Export-Import Bank of Washington has made loans to foreign countries for the purchase of U. S. cotton. The CCC and the Export-Import Bank have now developed programs for financing exports of other agricultural commodities. For CCC-owned commodities and for tobacco pledged to CCC under price support programs, CCC credits are available. Assurance of payment by a U. S. bank is a condition for these export credits. Also, Export-Import Bank loans are available for surplus commodities not owned by CCC. The loans are made to foreign banks or to foreign

importers with the guarantee of a foreign bank. During fiscal year 1957, commodities (primarily cotton) exported against Export-Import Bank loans and CCC credit sales totaled more than \$70 million.

In addition, exports of U. S. agricultural commodities may in some cases be facilitated by operations of the newly established International Financial Corporation, an affiliate of the World Bank.

Sales for Foreign Currencies.--U. S. agricultural products are sold for foreign currencies under Title I of Public Law 480. These commodities are mostly those held in large quantities by CCC as a result of price support operations.

Under agreements with friendly governments, sales are made by private U. S. traders to importers or buying missions designated by the purchasing countries. CCC was, through June 30, 1957, authorized to incur costs up to \$3 billion in financing the commodities at investment value and other expenses of these sales.

This program makes U. S. agricultural commodities available in greater quantities than would otherwise be possible to countries where dollar exchange is limited. The agreements are negotiated on a government-to-government basis because certain commitments, such as maintaining usual U. S. marketings, are obtained from importing countries, and agreement must be reached on uses of the resulting foreign currencies. Sales under the agreements are made in normal trade channels.

During the 3 years ending June 30, 1957, Title I agreements had committed the entire \$3 billion limitation authorized at that time, and the value of those exports during fiscal year 1957 reached nearly \$900 million at export market value.

Foreign Aid Financing.--Section 402 of the Mutual Security Act (Public Law 665) provided that not less than \$250 million of Mutual Security funds were to be used during fiscal year 1957 for financing the procurement of U. S. agricultural commodities by countries receiving foreign aid. Most of these commodities go to the relatively few countries obtaining assistance from the United States. Section 402 funds may be used to finance usual U. S. marketings that a country is committed to purchase in connection with Title I, Public Law 480 sales for foreign currencies. The value of foreign aid shipments during fiscal year 1957 totaled nearly \$400 million.

Barter.--The authority to barter CCC commodities for strategic materials is contained in several legislative acts, including Title III, Public Law 480. Transactions are effected through contracts between CCC and private U. S. business firms. The United States obtains strategic materials that entail less risk of loss through deterioration or that are subject to substantially lower storage costs. Besides strategic materials, barter contracts may provide for other materials, goods, and equipment needed by Government agencies for their programs. The value of these exports during fiscal year 1957 totaled about \$400 million.

Government Relief Grants.--Title II of Public Law 480 authorizes the transfer on a grant basis of CCC stocks for use by friendly peoples abroad. This authority provided \$500 million in terms of CCC total cost value through June 30, 1957. The program has been used largely to furnish emergency relief overseas to alleviate suffering resulting from flood, earthquake, hurricane, drought, crop shortages, and other natural disasters, but has also furnished commodities for school lunch and other relief needs.

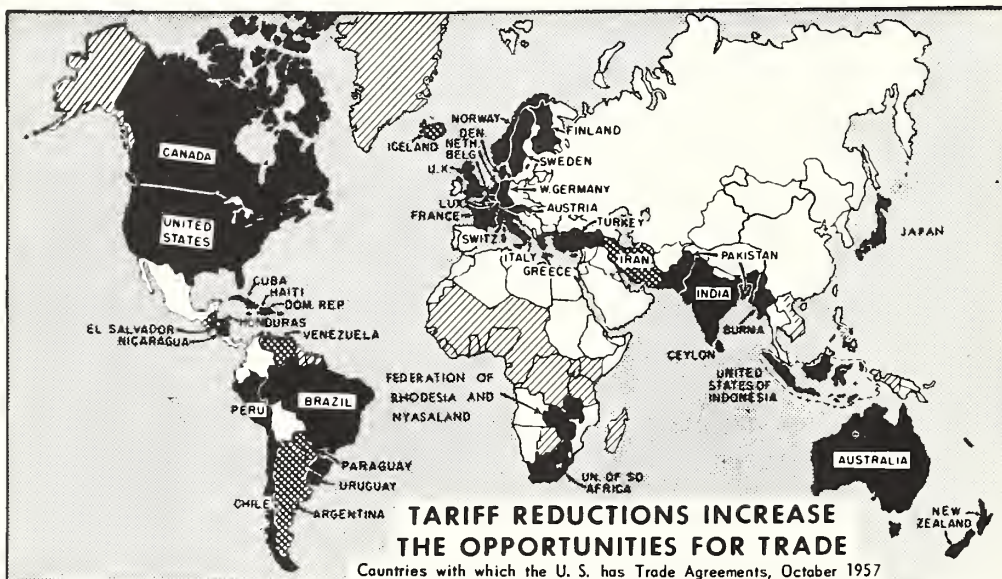
The CCC investment value of commodities programmed totaled \$116 million in fiscal

year 1957. In addition, \$34 million was authorized to pay ocean transportation costs for Title II shipments and Title III, Public Law 480 foreign donations. The value of these exports during fiscal year 1957 amounted to nearly \$100 million at export market value.

Donations Through Organizations.--Under Title III, Public Law 480 (Section 416, Agricultural Act of 1949), CCC stocks are donated, through U. S. nonprofit voluntary relief agencies such as the American Red Cross and through intergovernmental organizations such as United Nations Children's Fund, to assist needy persons outside the United States. Most of these organizations have conducted relief programs for many years, but this authority permits them to distribute substantial amounts of CCC-owned commodities for relief uses. The value of these exports during fiscal year 1957 totaled more than \$150 million at export market value.

Private Trade Activities

Direct export market development activities by private trade and agricultural groups, with varying degrees of Government cooperation and assistance, constitute the major effort to increase exports of U. S. agricultural commodities. Moreover, all



	SIGNATORY OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE	\$148.3 BIL. 76.6% OF WORLD TRADE
	BILATERAL TRADE AGREEMENT COUNTRY	\$ 9.1 BIL. 4.8% OF WORLD TRADE
	DEPENDENT TERRITORIES COVERED BY THE AGREEMENT	\$ 14.8 BIL. 7.7% OF WORLD TRADE

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FAS-NEG. 1458

Government programs for developing markets abroad for U. S. agricultural products are designed to foster and support increased activity by such groups.

Increasingly aware of the importance of foreign markets to American agriculture, private trade and agricultural groups are directing more attention and resources to maintaining and developing these markets. This increased interest is reflected in quality control and improvement, salesmanship, catering to foreign market preferences, market surveys and analyses, and maintenance of close relations with foreign trade and agricultural groups. It is reflected, too, in the way the groups are participating in the developing and carrying out of Government programs aimed at increasing the U. S. export market. In addition, new trade and agricultural groups have been organized to pool resources and work together.

As a result of closer consultation between trade and agricultural groups and Government agencies, regulatory activities are increasingly designed to better serve foreign market needs. This includes grades and standards, restriction of price supports to varieties demanded by the market, and inspection services.

Projects Using Foreign Currencies

July 1956-June 1957 was the second year of operation for the program designed to assist trade and agricultural groups in developing export markets through the use of part of the foreign currencies accruing from sales of agricultural commodities under Title I of Public Law 480. In that second year, 95 market development projects valued at \$7.5 million were approved.

Cooperator contributions included in 55 of these projects were \$2.1 million in funds, personnel, and services, compared to the FAS contribution of \$4.0 million equivalent in foreign currencies.

Cooperators include trade groups, research organizations, land-grant colleges, and international organizations.

A general program agreement executed between the cooperator and FAS expresses the plan to cooperate in market development without detailing specific work to be undertaken. A project agreement then specifies the work and includes financial contributions to be made by both FAS and the cooperator. Accompanying the agreement is a project statement which gives the work in further detail.

Project agreements are reviewed by the agricultural attaché in the country where work is to take place; to insure that the project may be expected to contribute to increased U. S. agricultural exports and is in harmony with U. S. foreign policy. A project with a trade or agricultural group is not approved without a substantial contribution by the cooperator.

Cooperators are required to give FAS periodic and termination reports, including expense statements. These are submitted through the agricultural attaché. Both reports and project activities are evaluated by the attaché and FAS marketing specialists.

U. S. trade and agricultural organizations cooperating in 23 countries under this program through June 30, 1957, represented all commodity groups:

Cotton:

Cotton Council International

Dairy:

Dairy Society International
Holstein-Friesian Association

Oils and Oilseeds:

American Soybean Association
Soybean Council of America

Fruits & vegetables:

California Prune Advisory Board
California Raisin Advisory Board
Florida Citrus Commission
Maine Potato Council
Sunkist Growers, Inc.

Grain, feed, & seed:

Michigan State University
Millers' National Federation
Nebraska Dept. of Agriculture
Nebraska Wheat Growers' Assn.
Oregon Wheat Growers' League
U. S. Rice Export Development Assn.
Western Bean Dealers, Inc.

Livestock & meat products:

American Meat Institute
National Renderers' Association

Poultry:

Institute of Am. Poultry Industries

Tobacco:

Burley and Dark Leaf Export Assn.
Leaf Tobacco Exporters' Assn.
North Carolina State College
Tobacco Associates
University of Kentucky
University of Tennessee

Projects usually provide for some survey work prior to promotional activities. Among the promotional activities are demonstrations, dissemination of market information including grades and standards, advertising, distribution of samples and literature, and exchanges of personnel.

International Trade Fairs

Under international trade fair activities, FAS organizes and manages exhibits, provides space, furnishes supplies and equipment, and pays travel and administrative costs. U. S. trade, agricultural, and industry groups participate by supplying exhibit ideas and materials and technical personnel to man exhibits and carry out other promotional activities in connection with displays. Through trade fairs, FAS and participating U. S. groups have made direct promotional contacts with some 10 million tradesmen and consumers abroad.

In 1956-57, 14 trade fair projects were approved, valued at \$1 million equivalent in foreign currencies, compared to 7 projects, valued at \$674,000, in the first year of this program. These do not include large additional expenditures by participating U. S. trade and agricultural groups. During fiscal 1957, FAS participated in fairs at--

1956

London, England.....	August 28-September 15
Zagreb, Yugoslavia.....	September 7-20
Vienna, Austria.....	September 9-16
Salonika, Greece	September 2-18
Bogotá, Colombia	November 23-December 9
Bangkok, Thailand	December 7-31

1957

Verona, Italy	March 10-19
Tokyo, Japan	May 5-19
Palermo, Italy	May 24-June 10
Barcelona, Spain	June 1-20

The first exhibit constructed for multiple showings was at Verona, to promote the sale of U. S. animal feeds. It was reshowed in Palermo and is now being kept available for use at future fairs.

The 15,000-square-foot Barcelona exhibit, the largest single FAS trade fair exhibit to date, was also constructed in a demountable fashion, including its own

specially designed pavilion. This exhibit was awarded two trophies as being the best international exhibit at the Barcelona fair.

Trade fair exhibits serve both to promote commodities by displays or demonstrations and as an operational base from which participating U. S. trade groups may undertake additional promotional or sales activities. Dairy industry leaders in the country, for example, are invited to the exhibit for a special processing demonstration. It is held in a complete dairy plant set up within the exhibit to produce milk and ice cream from nonfat dry milk solids and anhydrous butterfat. Cotton industry groups abroad are asked to participate in the staging of continuous style shows featuring the use of cotton fabrics. Promotional luncheons and dinner are also held for special trade groups.

Samples of U. S. farm products are distributed as a feature of these exhibits. Products sampled include recombined milk, ice cream, and cheese; citrus juices; doughnuts, bread, and pastries from U. S. wheat flour; and cigarettes containing U. S. tobacco. CCC provides samples to supplement trade supplies. This gives many people abroad their first opportunity to taste American food products.

Activities by Commodities

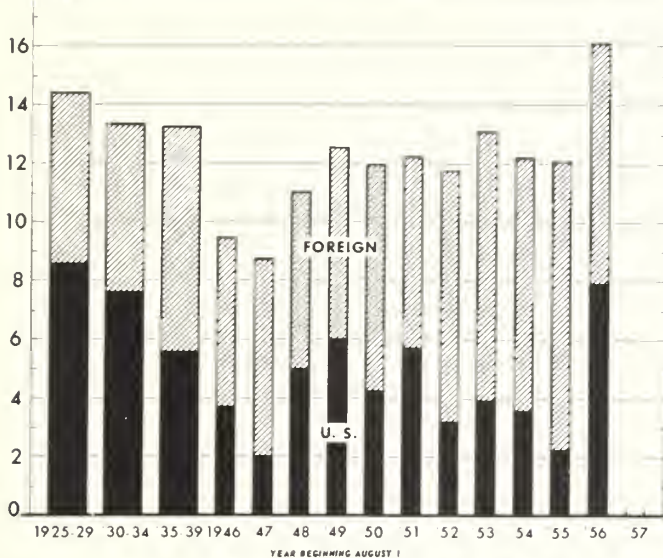
COTTON Export Situation

The United States exported 7.6 million bales of cotton during the 1956-57 marketing year--the largest quantity exported in 23 years and about one-half of total world exports. More than two-thirds was sold for dollars or bartered. Less than one-third was sold for foreign currencies under Title I of Public Law 480 and Section 402 of Public Law 665.

Exports of U.S. cotton in 1956-57 were about 3-1/2 times those of 1955-56. Sales to European countries were up 433 percent and sales to all other countries, 123 percent. About 60 percent of the total went to Europe, 20 percent to Japan, and 20 percent to other countries. U.S. exports to all countries increased over the preceding year, except for a slight reduction in Bolivia. The countries taking more than 1 million bales each, in the order of importance, were Japan, West Germany, and

U. S. Cotton Exports Largest in 23 Years

MIL. BALES (500 LB. GROSS WEIGHT)



USDA

FAS-NEG. 1413

the United Kingdom. The next largest importing nations were Italy, France, Canada, Belgium, India, and the Netherlands.

The most important reason for the unprecedented rise in U.S. cotton sales abroad was the CCC export sales program at competitive world prices, which began on January 1, 1956, when 1 million bales of short staple cotton were offered for sale. Since that time CCC has sold more than 12 million bales to American shippers for export. Other factors that helped to boost 1956-57 export sales were (1) rebuilding of raw cotton working stocks in most countries which had been depleted because of high prices and an anticipated change in U.S. sales policy, (2) reduced supplies of cotton in major exporting countries other than the United States, (3) an increase of 1.4 million bales in foreign consumption, (4) a slight decrease in foreign production, and (5) sales for foreign currencies.

The significant fact about the sharp rise in U.S. exports is that prices in the world cotton market have remained stable. Since CCC began selling all grades and staple lengths of upland cotton from surplus stocks, prices have been steady except during the summer of 1956. Most of the cotton exporting countries other than the United States have sold all of their supplies of American-type cotton available for export

at prices as high or higher than prices for comparable qualities of U.S. cotton. Exports of cotton by countries other than the United States in 1956-57 were about 2.6 million bales below the preceding year, largely because the available supply was smaller. The fears of many countries that the offering of U.S. surplus stocks of upland cotton would disrupt world markets have not materialized.

The availability of U.S. cotton for export at competitive prices has helped to stimulate consumption and has placed cotton in a more favorable position to meet competition from rayon staple fibers. Cotton consumption outside the United States increased 1.4 million bales in 1956-57 over the preceding year to continue the steady rise since the end of World War II.

The U.S. export sales program, together with continued acreage control, appears to have been an important factor in helping to achieve a better balance in world cotton supply and demand. The upward trend in foreign cotton production apparently has slowed down, partly as a result of the United States entering the export market on a competitive basis. This leveling off in foreign cotton production is favorable to the maintenance of U.S. exports. What happens in the next few years, however, will depend to a considerable extent upon governmental policies and the alternative opportunities for other agricultural enterprises in foreign producing countries.

The current sales of U.S. cotton for export in the 1957-58 season give promise that exports will continue at a high level. CCC sales for shipment under the current program totaled 3.7 million bales as of October 15, 1957. Biweekly sales have recently declined, but total sales have now reached the point where another good year for U.S. exports is assured.

Market Surveys and Analyses

Cotton marketing specialists during the past year have made marketing surveys in most of the important countries importing U.S. cotton. In the fall of 1956 and again in the spring of 1957, surveys were made in Western Europe to determine the market conditions and prospects for U.S. cotton. The outstanding fact re-

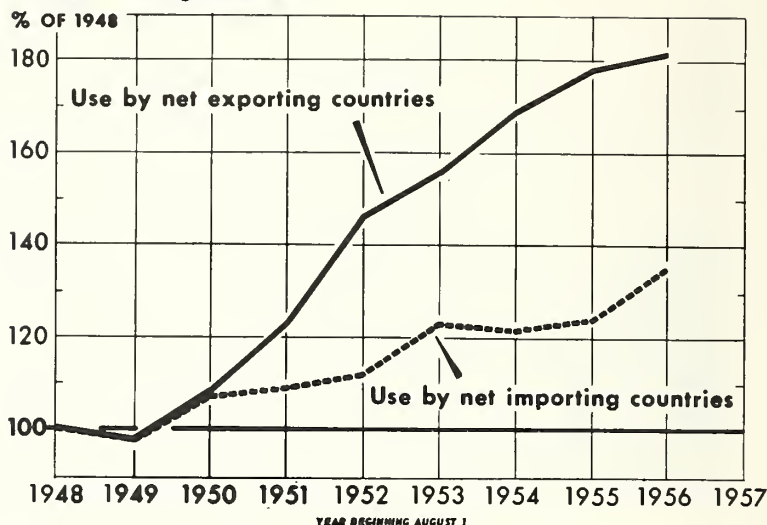
vealed by both of the surveys was the dominant position of U.S. cotton in the European markets. The first series of observations was made during the height of the Suez crisis, when there was great concern about building up reserve stocks to meet any emergencies that might arise. In the spring the situation had settled down, but the interest in U.S. cotton continued high.

During the past year there has been a remarkable recovery in the cotton textile industry throughout Western Europe. Mill activity has increased, consumer purchases are up, and the prospects for cotton products have greatly improved. The availability of U.S. cotton at stable and competitive prices has been the dominant factor in regaining the European market. The CCC export sales program has made it possible for European mills to exercise their preference for U.S. cotton. It is evident that there is a feeling of confidence in the stability of prices, the dependability of supplies, and merchandising efficiency--all resulting from the influence of the U.S. export programs. Working stocks of raw cotton are now at more normal levels, consumption is rising, and cotton products are in a stronger competitive position with products made from synthetic fibers.

A marketing survey was also made in the spring of 1957 in Japan, Korea, Hong Kong, Singapore, the Philippines, and Australia. Japan continues to be the No. 1 customer for U.S. cotton. This market took over 1.5 million bales in the past season, but the prospects are that this figure will be somewhat lower in 1957-58. The reason for the reduction is the less-favorable foreign exchange position of Japan and declining exports of cotton textile products. The survey also revealed that Japan is purchasing more higher grades and longer staples than in the past. This is the result of increasing demand for finer goods in both domestic and export trade.

The textile industry in the Philippines is expanding at a fast rate. Nine mills are now in operation and ten more are expected to be built in 1957-58. The current consumption level is about 70,000

Foreign Cotton Consumption at Record High Level



USDA

FAS-NEG. 1412

bales per year. In the next year or so, consumption will go up to about 200,000 bales if the mill expansion program continues on schedule.

Hong Kong mills are concerned about the loss of export markets for textiles. There is, however, a strong preference for U. S. cotton in that market. The Federation of Malaya hopes to start establishing a textile industry within the next few years. Australia continues to import a large share of its textile products, but it should remain a good market for 60,000 to 75,000 bales of U. S. cotton.

The program to increase the use of U. S. cotton abroad through informational work and demonstrations on fiber and spinning technology has been expanded during the past year. A report on quality comparisons and evaluations of 1955-crop foreign and U. S. cotton was completed and published in April 1957. This report not only was published in circular form but was given prominent space in a number of trade publications. The evaluations showed the U. S. cotton to have a higher-quality index than the foreign growths of the same grade and staple length in 11 of the 15 comparisons. The overall quality index used in these comparisons represents a new and more comprehensive method of comparing spinning performance of different cottons. The quality testing program has been well re-

ceived by both foreign and U.S. cotton spinning and weaving industries. Fiber testing of foreign cottons is continuing on an expanding basis.

A cotton technologist made a survey of raw cotton utilization and processing practices in the Far East. Conferences and discussions were held with mill organizations and research agencies in Japan, Korea, Hong Kong, the Philippines, India, and Pakistan. All of the groups contacted are keenly interested in the fiber properties and processing performance of U.S. cotton. In some countries it was found that improper preparation of U. S. cotton for spinning was giving poor results and causing complaints. Progress was made in showing the mills how to avoid the problem by adjusting their bale opening and cleaning methods.

A preliminary survey was made of the condition of U. S. cotton bales arriving at foreign ports and mills. Complaints of foreign importers and mills about the poor packaging and condition of American cotton bales are chronic. Many factors contribute to the bale packaging problem. It will take some adjustments in types of wrapping materials used, changes in merchandising practices, and improved handling methods in both the United States and foreign countries to solve the problem. A more detailed study is needed as a basis for better evaluating the problems and to develop remedial measures.

Marketing surveys also indicated that the number of quality arbitrations for shipments to Bremen, Germany, and to Japan are running abnormally high. In other markets, however, importers had fewer complaints about the quality of shipments than in past years.

Market Information and Services

Current information on cotton production, marketing, and utilization in foreign countries is reported weekly in Foreign Crops and Markets. During fiscal year 1957 a total of 228 cotton articles was published. In addition to the news on current marketing conditions, statistical information is released from time to time to keep the U. S. cotton industry and the public informed on production prospects, export movements, stocks, consumption, and prices.

Cotton information is received from agricultural attachés and other sources from

all parts of the world. This information is analyzed, and forms the basis for a series of regular reports on production, stocks, and supply and demand by countries. Other special reports are made as conditions warrant, such as those covering sales of cotton under Title I of Public Law 480, the status of Public Law 480 purchase authorizations, and the cotton export outlook. During the year, 29 circulars and reports were made available to the cotton industry.

FAS cooperates with the Agricultural Marketing Service in providing foreign cotton information and analyses for The Cotton Situation. Information and assistance is also furnished to other agencies or groups, such as the International Cotton Advisory Committee, Export-Import Bank, and the National Cotton Council.

Special feature articles on cotton production and marketing are published from time to time in the monthly Foreign Agriculture. Information is also made available for publication in cotton trade newspapers and magazines and in bulletins and periodicals issued by international groups.

Information on c.i.f. cotton prices in the major world market centers is collected and analyzed each week. In addition, spot market prices received by producers in several large producing countries are obtained weekly through agricultural attachés. This information is used in administering the CCC export cotton sales program and forms the basis for evaluating the competitive position of U. S. cotton in world markets.

Reducing Foreign Trade Barriers

The dominant factor limiting the sale of U. S. cotton is the unfavorable gold and dollar position of many cotton importing countries. During recent years, import restrictions imposed on U. S. cotton by importing nations other than those with shortages and control of foreign exchange have declined in importance.

The recent dollar liberalization of cotton imports by Italy represents a significant step in putting most of Western Europe on an unrestricted basis in purchasing U. S. cotton. The liberalization in Italy and Austria during the past year was greatly encouraged and facilitated by the efforts of the marketing specialists and agricultural attachés.

Australia has recently modified its licensing control of cotton imports to permit imports from either dollar or nondollar areas as desired. Import licenses are now issued on a sales replacement basis. This action will aid the importation of cotton without resulting in undue accumulation of stocks.

Foreign exchange difficulties have become more serious in several areas in recent months. Japan and France, two of the United States largest foreign customers, have recently been forced to curtail cotton imports because of a deterioration in their dollar and gold position.

Export Programs

The CCC cotton export sales program

was the most important contributing factor in the regaining of foreign markets for U. S. cotton during the past year. Sales for foreign currencies under Title I of Public Law 480 and under Section 402 of Public Law 550 were also helpful, but they made up a much smaller proportion of the total (less than one-third) than in the previous year. The small quantity of cotton going for relief purposes under Title II of Public Law 480 was also down.

Since fiscal year 1948 the various Government programs have been a significant factor in the volume of cotton exported by the United States. The proportion of the total exports moving under U. S. aid programs has ranged from a high of 60 percent in 1949-50 to a low of 15 percent in 1951-52.

Cotton: U.S. exports under programs and loans, 1953-1956

Year beginning July 1	Total exports	Dollar exports ¹	Sales for foreign currencies & grants		Other aid programs ²	Dollar loans & barter ¹
			Mutual security	PL 480 Title I		
	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>	<i>1,000 bales</i>
1953.....	3,648	2,801	836	-	11	634
1954.....	3,616	2,386	1,167	58	5	310
1955.....	2,139	1,064	580	468	27	398
1956.....	7,310	5,075	852	1,381	2	1,386

Note: Quantities in running bales.

¹ Includes Export-Import Bank loans, revolving fund loans, and barter.

² Includes Title II, PL 480.

Private Trade Activities

In addition to the cotton market development programs carried on in cooperation with FAS under Section 104(a) of Public Law 480, the cotton industry independently has promoted expansion in the cotton market in many ways.

Cotton merchants individually and representing one or another of the cotton interest organizations have encouraged cotton promotion programs in meetings in Europe, the Middle East, and the Far East. Discussions were held with representatives of the most important cotton producing and importing countries at Istanbul at the time of the International Cotton Advisory Committee meeting in June 1957 for the purpose of developing a long-range plan

for financing cotton promotion programs on a private basis.

Representatives of the American cotton textile manufacturers, cotton producers, and merchants met with the members of the International Federation of Cotton and Allied Textile Industries in Venice in September and urged greater attention to research and promotion as a means of increasing markets. They also met with a number of European groups and other members of the U. S. industry in several other cities. In meetings in the United States the various industry groups have reviewed domestic promotion programs in action with numerous members of foreign cotton textile industries, to stimulate more interest and better understanding.

In North and South America and Africa the National Cotton Council is cooperating with cotton industry groups independently on an informal basis by supplying information, materials, and suggestions on market development.

On the technical side, the National Cotton Council and the American Cotton Shippers Association have cooperated in developing modern methods for merchandising U. S. cotton in foreign markets. A member of the Cotton Council has been named chairman of a new cotton committee of the International Standards Organization (ISO). Under the aegis of the U. S. industry, ISO is now undertaking to adopt and promulgate standards for testing procedures. The U.S. group is also cooperating with the International Federation and other private groups abroad in the calibration of instruments and other techniques to encourage better merchandising methods.

Projects Using Foreign Currencies

FAS is sponsoring a program to expand cotton consumption in a number of important cotton importing countries. The projects are a cooperative undertaking of FAS, the Cotton Council International, and industry organizations in individual countries, and are jointly financed by the three. The funds supplied by FAS from foreign currencies available under Section 104(a) of Public Law 480 are matched with funds raised by the foreign cotton industry groups.

The objective of the cooperative cotton market development program is to increase the consumption of cotton products of all types in order to create a larger market and thereby provide an opportunity to sell more U. S. cotton in export trade.

There is an almost unlimited potential market for raw cotton in both foreign importing and exporting nations. Total cotton consumption outside the United States has steadily increased since the end of World War II to the current level of about 30 million bales. Per capita consumption, however, is still no higher than before the war. The latest estimates available on per capita consumption rates are for 1955, when the average for foreign countries was 5.4 pounds and for the United States, 26.5 pounds.

Cotton market development projects have been inaugurated in the following nine countries: Japan, France, West Germany, Spain, Switzerland, Belgium, Austria, the

Cotton: Funds authorized and estimated quantities of cotton covered by Title I, Public Law 480 agreements, from beginning of program in 1954 through Oct. 1, 1957

Country	Funds authorized ¹	Bales (est.)
	<i>1,000 dollars</i>	<i>1,000 bales</i>
Austria.....	10,850	65.8
Burma ²	18,100	117.2
Chile.....	7,260	44.4
Colombia.....	9,611	52.2
Ecuador.....	865	1.7
Finland.....	6,796	38.8
Iceland.....	77	0.5
India ³	70,971	430.8
Indonesia ²	37,003	260.8
Israel.....	2,636	13.1
Italy.....	66,800	415.2
Japan.....	54,291	319.1
Korea.....	9,848	61.3
Netherlands.....	275	1.8
Pakistan ²	30,232	171.0
Philippines.....	5,079	32.0
Poland.....	32,488	198.0
Spain.....	33,254	194.1
Taiwan.....	5,256	41.8
Yugoslavia ²	31,306	196.4
Total.....	432,998	2,656.0

¹ Includes 50 percent of ocean freight, except in a few instances.

² Provides for the expansion of consumption of textiles through processing in third countries.

³ 3-year program for fiscal years 1957, 1958, and 1959.

Netherlands, and Italy. These projects provide for a coordinated program of market research, sales promotion, and general publicity. In each country the Cotton Council International assists the local industry organization in planning the program, provides technical assistance, trains local personnel, and supervises the work in accordance with the project agreement. The French and Japanese projects were started early in 1956. The German program started a little later in the year. The projects in all of the other countries began operations as of January 1, 1957.

Programs were started first in those countries with more highly developed

processing industries, well-developed wholesale and retail trade, and consumer income sufficient to permit expanded use of cotton products. As funds and opportunities for accomplishment become available, it is expected that the program will be expanded to other countries.

Significant results are being achieved through the projects now in operation. The work in Japan, France, and Germany has been in progress longer and consequently is showing greater accomplishment. Preliminary reports, however, indicate that the projects in other countries have been rapidly organized. Studies of market conditions and consumer purchasing habits have been started. General publicity and informational work, including the use of newspapers, magazines, radio, television, and special fashion events, are moving forward at an increasing rate.

Since the beginning of the cotton promotion project in Japan in December 1955, demand for cotton goods has risen steadily. Per capita consumption rose from about 6.1 pounds in 1955 to about 7.3 pounds in 1956. During this time, the Japan Cotton Promotion Institute carried on a series of cotton market development activities, including a nation-wide Miss Cotton contest, a summer and fall cotton product exhibits, national cotton week, market research, public relations programs, and special campaigns on kasuri cloth, cotton school uniforms, cotton lace, and fashion design contests. The Japanese project leaders feel that the promotion program has played an important role in the expansion of cotton consumption. This is supported by the fact that cotton consumption went up 20 percent in 1956, while national income rose only 11 percent. In addition, the expanding use of cotton products took place while the percentage of consumer income spent for clothing was declining.

The other programs have moved a little more slowly, but they are making good progress.

Although statistical evidence is not yet available to measure the full effects of the cotton promotion programs by countries, there is a general feeling of optimism and belief that the work is getting substantial results. All groups in the industry are showing keen interest in the projects and are participating. In many instances the funds and efforts of the individual

firms add up to much more than the budget for the market development projects.

International Trade Fairs

Cotton promotion was a feature of two international trade fairs in 1957, in Tokyo in May and in Barcelona in June.

The cotton exhibit at the Tokyo fair featured both Western and traditional Japanese-style clothing made from U. S. raw cotton imports. Western-style clothing is becoming increasingly popular in Japan and various types were on display for home and business wear.

Highlights of the exhibit were a montage depicting the process of making and weaving cotton cloth into finished goods; a fountain with multicolored jets of water; and a revolving stage on which models displayed various articles of cotton wearing apparel.

Featured at the Barcelona fair were a cotton style show, in which the models were of several nationalities, and a display of cotton textiles. A wide variety of cotton clothing was modeled, representing a cross section of Spanish and American manufacture. The exhibit included displays of the entire range of types of clothing and accessories to which cotton is an item of manufacture--both in America and Spain.

The Spanish cotton trade, through the Commercial Service of Cotton Textile Industries, participated in the presentation and was host to the American Maid-of-Cotton at a special showing at the U. S. pavilion before a group of Spanish textile manufacturers and other cotton trades people.

DAIRY AND POULTRY PRODUCTS

Export Situation

U. S. exports of dairy and poultry products have been rising in recent years. Dairy products, however, declined slightly from 1955 to 1956--they were equivalent to 4.8 percent of total U. S. milk production in 1956, compared to 5.4 percent in 1955. The decrease was due to a reduction in Section 416 butter donations. During this year, dollar exports of butter and cheese increased, but most U. S. dairy exports continued to move under Government programs.

In the spring of 1956, CCC announced that the United States no longer had surplus stocks of butter available for overseas donations. As a result, total butter shipments dropped from 266 million pounds in 1955 to

179 million in 1956. By late 1957 there had been no further butter donations under Section 416.

Cheese shipments totaled 174 million pounds in 1956, almost 18 percent over 1955, and, in the first 7 months of 1957, were running slightly above 1956, owing to larger Section 416 donations abroad. Commercial sales for dollars made up 8 percent of the 1956 figure, double 1955's proportion. About 2.5 million pounds were sold for foreign currencies under Title I, Public Law 480. Most cheese exports continued to leave for overseas destinations through Government donations; however, Section 416 shipments declined to 72 percent of total exports in 1956 from 74 percent in 1955.

Nonfat dry milk shipments increased to 601 million pounds in 1956, compared to 563 million in 1955. Of the total exported in 1956, only 3 percent were commercial sales for dollars. The bulk of the shipments continued under Government relief and charity programs and sales at nominal prices for overseas school lunch programs.

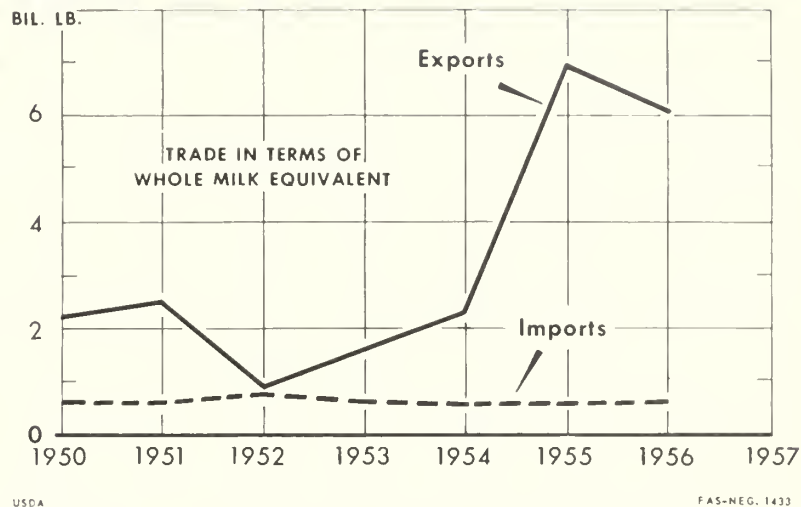
Evaporated milk exports rose to 170 million pounds in 1956, 10 percent over the previous year, owing to increased shipments to the Philippines. Condensed milk exports totaled 40 million pounds in 1956, compared to 8 million shipped in 1955. The rise for both products was due to increased ICA financing.

Dry whole milk exports dropped from 46 million pounds in 1955 to 40 million pounds in 1956, largely because of decreased exports to Venezuela.

During the first 7 months of 1957, total exports of dry whole milk, canned milks, and nonfat dry milk increased slightly to moderately over 1956.

In contrast to dairy products, exports of poultry products--\$43.6 million in 1956--have been principally for dollars. During 1956, exports of shell eggs totaled 44.7 million dozen, a slight reduction from 49.7 million in 1955. Hatching eggs, an important export item, are included in these figures with market eggs. During the first 7 months of 1957, shell egg exports amounted to 21.1 million dozen compared to 18.4 million a year earlier. The in-

U. S. Dairy Exports High Despite Small Decline



crease was caused largely by increased shipments of hatching eggs to Venezuela.

Exports of frozen chickens in 1956--24.5 million pounds--were more than double those of 1955. Larger commercial shipments went to many countries but most of the increase was accounted for by Canada, Trinidad, Switzerland, and West Germany. During the first 7 months of 1957, exports continued their upward trend, rising to 14.4 million pounds from last year's 9.8 million.

Exports of frozen poultry and game, largely turkeys, amounted to 17.3 million pounds in 1956; they were 14.2 million in 1955. With relatively low wholesale prices during the first 7 months of 1957 exports continued to increase, amounting to 8.5 million pounds compared to 3.6 million in the same period of 1956. Larger shipments to Canada accounted for most of the increase.

Baby chick exports in 1956 also increased substantially, to about 26.6 million in 1956 compared to 17.8 million in 1955. During the first 7 months of 1957, however, they were lower than a year before--11.4 million compared to 15.5 million, largely because of a sharp reduction in exports to Venezuela.

Exports of U. S. dairy cattle for breeding purposes totaled more than 7,000 head in the first half of 1957, owing in part to increased FAS assistance to U. S. breeders of purebred dairy cattle in expanding exports to Latin America. As a result of two

Year	Butter	Cheese	Nonfat dry milk	Dry whole milk	Evapo-rated milk	Con-densed milk
January-July:	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. Lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>
1956.....	157	97	303	25	93	18
1957.....	8	98	349	26	89	27
Annual:						
1954.....	54	34	257	42	131	1
1955.....	226	148	563	46	155	8
1956.....	179	174	601	40	170	40

\$5-million Export Import Bank loans to Mexico, 3,626 head of U. S. dairy cattle valued at over \$1.2 million were purchased by that country in 16 States and further purchases are expected.

Market Surveys and Analyses

In 1956-57, FAS marketing specialists continued to investigate possibilities for expanding the markets for U. S. dairy cattle, dairy products, and poultry and poultry products.

A marketing specialist visited Japan to assist the Government in expanding the use of U. S. nonfat dry milk in the Japanese school lunch program. The specialist studied and made recommendations to maximize the benefits derived from the proper preparation and use of this product.

In Chile, a team, including an FAS marketing specialist, surveyed conditions to determine the possibilities for a recombined milk and dairy products operation. As a result, the U. S. dairy industry is considering the feasibility of establishing a commercial operation.

Assistance also has been given in setting up a commercial recombining operation in Thailand.

In Central and South America, FAS assisted in a survey made by a representative of a purebred dairy cattle association to investigate the possibilities of expanding the export market for U. S. dairy cattle. In cooperation with FAS, individuals visited several countries to assist in classification and the establishment of registries and to encourage the importation of U. S. breeds by acting as judges at cattle exhibits, shows, and related activities.

Projects of this nature not only result in more U. S. dairy cattle being exported to this area, but also create a more favorable atmosphere for the export of U. S. dairy products. Such products can be of assistance in expanding the consumer market, which ultimately means a greater market for domestic production.

Also, an FAS marketing specialist visited the Netherlands in 1957 to help stimulate the import of U. S. poultry products. In addition, the desirability of introducing U. S. poultry products in Italy has been explored.

FAS has continued to inform the U. S. industry as to the type of product, pack of product, and similar requirements of the foreign buyer. As a result of such FAS-industry cooperation, Switzerland continues to develop as an important market for U. S. poultry meat. During the first 6 months of 1957, Swiss importers procured 2,156,000 pounds of U. S. poultry meat compared to 736,900 pounds during the first 6 months of 1956. An FAS marketing specialist visited this important market to assist in making known to the U. S. industry any complaints or desires that, if not satisfied, could hinder the continued expansion of the market.

In Colombia, Peru, and Chile, poultry surveys were made to determine poultry marketing opportunities, and reported on to the U. S. industry.

Market Information and Services

In 1957 FAS published several analyses of world dairy and poultry developments: "World Output of Dairy Products," "Milk Production and Utilization in Principal

Producing Countries," "International Trade in Dairy Products," "The World Trade of the Principal Dairy Supplying Countries," and "Egg Production and Chicken Numbers in Specified Countries." Also, the survey results of dairy and poultry marketing specialists were made available to the industry as published reports, and in the weekly Foreign Crops and Markets, current information on world dairy and poultry conditions and trade prospects appear.

In August a special bulletin FAS-M-21, "How to Use Recombined Milk Ingredients in Manufacturing Dairy Products, was published. This report was prepared to supplement Foreign Agriculture Report No. 84, "Recombined Milk." It shows how the U. S. exportable recombining ingredients, nonfat dry milk and anhydrous milk fat, can be used to produce a wide variety of nutritional high-quality dairy products for consumers in foreign countries where the milk supply is inadequate to meet consumer demand.

To assist in expanding the overseas market for U. S. dairy cattle, the USDA Farmer's Bulletin, "Care and Management of Dairy Cattle," an especially prepared "Buyer's Guide for U. S. Dairy Cattle," and promotional pamphlets for each of the five major U. S. dairy breeds were translated and published in Spanish and Portuguese. This material was given to the U. S. agricultural attachés in Central and South America for distribution there to

encourage increased imports of U. S. dairy cattle. Also, the first of a series of reports, "U. S. Dairy Breeding Cattle Inspected for Export," was published to provide export information on State of origin, breed, sex, age, and country of destination of U. S. dairy cattle.

Participation in national and international trade meetings and conferences was utilized as an opportunity to promote trade and understanding. In 1957 the International Dairy Federation's annual meeting was attended in Switzerland. Following this meeting the FAS representative served as chairman of an FAO-sponsored discussion panel. Also, talks on foreign trade were given by FAS representatives at the National Cheese Institute, Pacific Dairy and Poultry Association, and the Northeast Poultry Producers Council.

Reducing Foreign Trade Barriers

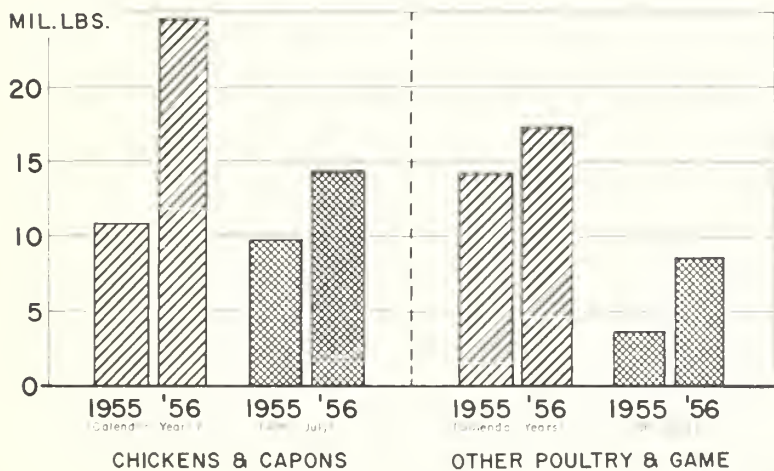
There has been little relaxation of foreign country restrictions and barriers that limit U. S. imports, but substantial new barriers were set up during 1957. A number of countries are trying to build up their own poultry industries, and are taking steps to reduce imports from the United States.

An embargo was announced by Canada in July against the importation of U. S. turkeys and fowl. This was the principal market for U. S. turkeys. Canada took action as the result of an increase in its own domestic production and the announcement of a price support program for both turkeys and fowl. Canada also embargoed U. S. cheddar cheese and nonfat dry milk in May and September, respectively. Canada's action was taken after price support programs had been announced.

Cuba announced a ban in August against the importation of broiler chicks. This action was based on an increase in the supply of locally produced hatching eggs and of increased hatching capacity.

Effective in July, Venezuela stopped the importation of all baby chicks, as a result of an increase in volume of domestic hatching capacity. However, the importation of U. S. hatching eggs has continued.

U. S. exports of poultry meat



In all these and in other instances, FAS has made arrangements for representations to the foreign government officials. In Cuba, for example, the agricultural attaché was successful in obtaining a 2-month delay in the imposition of an import ban on broiler chicks, with a promise that a thorough study of the situation would be made to determine if a modification were possible. FAS has continued to work with officials of the Netherlands Government in an attempt to obtain a modification of its long-standing ban against imports of U. S. frozen poultry. FAS will, of course, continue wherever practicable to promote more favorable foreign market conditions for U. S. dairy and poultry products.

Export Programs

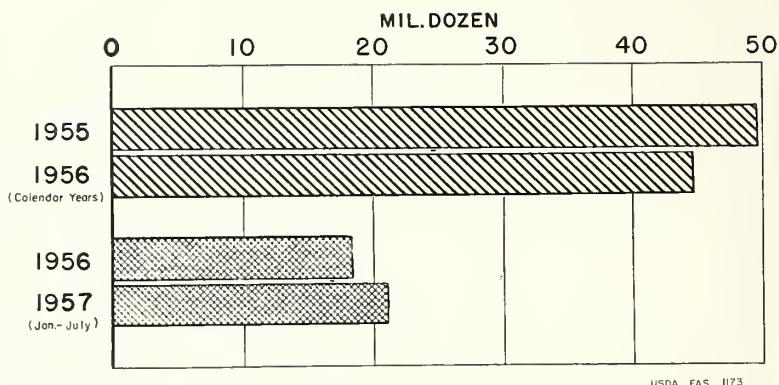
Sales for Foreign Currencies.--From the beginning of the program in 1954, through August 31, 1957, agreements for foreign currency sales signed under Title I, Public Law 480, include dairy products amounting to \$22.6 million:

	Mil. dol.
Brazil	2.2
Burma	2.0
Taiwan	1.5
Greece	3.5
India	3.5
Iran8
Israel	4.1
Korea	0.4
Pakistan	2.5
Paraguay	0.4
Peru	0.1
Philippines	1.1
Thailand	0.5
Total	22.6

During 1956, about 4.4 million pounds of frozen poultry were sold to West Germany under Title I of Public Law 480.

Foreign Aid Financing.--During fiscal year 1957, dairy products purchased for shipment under the Mutual Security Act totaled \$25.1 million. Over 93 percent of this was used for 153 million pounds of condensed and evaporated milk, most of which went to the Philippines, Vietnam, Cambodia, and Taiwan.

U. S. exports of shell eggs



During 1956, two sales were made under the Mutual Security Act for poultry products. The United Kingdom took \$250,000 of canned poultry and Spain, \$2.4 million of shell eggs.

Government Relief Grants.--Under Title II, Public Law 480 (famine and other emergency relief), cumulative authorizations from the beginning of the program in 1954 through August 31, 1957, were as follows:

	Quantity 1,000 lbs.	Value 1,000 dollars
Butter	30,259	20,531
Butter oil	2,406	2,269
Cheese	63,329	30,145
Nonfat dry milk	119,341	23,960

Donations Through Organizations.--Shipments of dairy products during 1956 under Section 416 were as follows: Butter and equivalent butter oil, 122.1 million pounds; cheese, 125.7 million pounds; and nonfat dry milk, 415.1 million pounds. Cheese and nonfat dry milk shipments were each about 1 million pounds over 1955.

Private Trade Activities

Dairy Society International has continued to expand its membership and services overseas in behalf of the U. S. dairy industry, including the fulfilling of requests for information with reference to suppliers of U. S. dairy products and equipment.

U. S. dairy interests are becoming increasingly aware of export possibilities through recombining operations. Recently, an export corporation was formed by

Dairy products: Exports under Title I, Public Law 480, 1955 and 1956 and
January-July 1957

Years	Butter	Butter oil, anhydrous milk fat, and ghee	Cheese	Evapo- rated milk	Con- densed milk	Nonfat dry milk	Dry whole milk
Annual:	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.	1,000 lbs.
1955.....	2,454	--	--	3,262	--	--	--
1956.....	4,744	3,601	2,528	7,271	1,261	12,167	263
Jan.-July:							
1957.....	--	824	5,067	4,608	7,024	--	1,938

cooperative dairy interests to investigate the possibility of overseas investment in recombining plants.

The International Trade and Development Committee of the U. S. poultry industry has continued its activities in developing commercial contacts in the oversea trade. The Institute of American Poultry Industries prepared and distributed to the poultry trade recommendations for the packaging and labeling of poultry to be exported to West Germany under a dollar tender.

Projects Using Foreign Currencies

Through its cooperators, Dairy Society International, the Purebred Dairy Cattle Association and its member associations, and the Institute of American Poultry Industries, FAS has engaged in or has plans for 7 projects for dairy products, 11 for poultry products, and 12 for dairy cattle.

In Thailand, encouraging results are coming from the first year's operation of the cooperative project between FAS and Dairy Society International to increase consumption of dairy products made from U. S. ingredients. This project, using products of the Bangkok plant of a U. S. dairy corporation, featured the promotion of better nutrition through education and samples distribution--1-1/3 million samples of recombined milk and ice cream were given to 150,000 people during 1957. These promotional activities are largely responsible for the current output of the plant of over 1,250 gallons of recombined milk, distributed daily through 500 wholesale and 300 retail outlets. The outlook for 1958 is that this new market will take about \$500,000 worth of surplus U. S. dairy

products. If this project continues to be successful, efforts will be made to set up similar projects in other milk deficit areas in 1958.

In West Germany over 4 million pounds of ready-to-cook poultry was introduced under a Title I, Public Law 480, program in 1957. A market promotion project was established to acquaint the German consumers with the new U. S. product being placed on the market. As a result of this introduction and market promotion, the German Government authorized imports of U. S. poultry for dollars.

The cattle projects include cooperation in assisting in the establishment of demonstration herds of purebred U. S. cattle abroad at agricultural colleges, experiment stations, and similar institutions. U. S. cattle experts have surveyed the conditions and opportunities for expanding the sale of U. S. dairy cattle in Chile, Ecuador, Peru, Colombia, and Argentina. Demonstration herds of U. S. purebred dairy cattle have been established in Peru, Ecuador, and Brazil. This activity has stimulated increased interest in U. S. dairy cattle and commercial shipments have resulted.

In all market development projects, industry cooperation and activity are being continually utilized and expanded.

International Trade Fairs

With its cooperators, Dairy Society International, Institute of American Poultry Industries, and Purebred Dairy Cattle Association and its member associations, FAS has participated in trade fairs in Japan, Spain, Turkey, and Germany. Totals of 67,080 samples of cheese, 50,112 of nonfat

dry milk, 38,137 of recombined milk, and 42,176 of ice cream were distributed to fair visitors to acquaint them with these U. S. products, and pictures and models of U. S. dairy cattle were shown and information distributed to encourage importation of U. S. purebred dairy cattle.

At the Tokyo fair, FAS and DSI cooperated with the Japanese dairy industry in establishing an educational exhibit. Consumer-size packages of nonfat dry milk and samples of Cheddar cheese were distributed.

At the Barcelona fair, dairy recombining equipment was exhibited and samples of recombined milk and ice cream utilizing U. S. nonfat dry milk and anhydrous milk fat were processed and given to the visitors. Samples of U. S. Cheddar cheese were also distributed. The dairy display was a major attraction, and the recombining equipment was purchased by Spanish commercial interest at the close of the fair. It is anticipated that this equipment will be placed in operation and will use U. S. nonfat dry milk and anhydrous milk fat for recombined milk and dairy products for commercial sale. U. S. ready-to-cook poultry and eggs also were displayed at the fair.

At the Izmir fair in Turkey, a dairy exhibit was also furnished by FAS. Recombined milk and dairy products were served at special luncheons held for interested

groups of home economists, nutritionists, industry, and government officials.

With the Institute of American Poultry Industries, FAS at the Cologne fair exhibited U. S. poultry meat and sold cooked pieces of poultry to visitors to introduce them to American-style fried chicken.

OILS AND OILSEEDS

Export Situation

U. S. exports of the major vegetable oils and oilseeds increased in value during fiscal years 1954 through 1957. In fact, they established a new high in 1957 of \$452.5 million. This exceeded the 1956 record by 9 percent and was about three times as high as in 1953. However, the 1953 fiscal year was an off-year for both world and U. S. exports.

The 1957 record reflected increased exports of soybeans for dollars and expanded shipments of soybean oil under Government programs--primarily Public Laws 480 and 665. Shipments of oils and oilseeds under Government programs represented 25 percent of the total value of all exports of these items in 1955-56, and 31 percent in 1956-57. On a quantitative basis, exports under Government programs were 29 percent of the total in 1955-56 and 34 percent in 1956-57.

Exports of edible vegetable oils and oilseeds in fiscal 1957, valued at \$422 million, made up 93 percent of all oil and

Vegetable oils and oilseeds: Value of U. S. exports, fiscal years 1953-57

Item	1953	1954	1955	1956	1957
<u>Edible:</u>	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.	1,000 dol.
Soybeans.....	93.0	126.2	146.8	179.6	195.8
Soybean oil.....	16.4	12.0	5.3	58.2	144.7
Cottonseed.....	2.3	2.4	3.9	2.7	2.0
Cottonseed oil.....	9.0	38.5	75.4	107.0	67.8
Peanuts.....	0.7	16.0	1.4	0.8	7.4
Peanut oil.....	0.5	1.5	0.2	0.3	4.1
<u>Industrial:</u>					
Linseed oil.....	0.7	24.2	22.9	17.1	10.0
Flaxseed.....	0.9	5.5	21.4	38.0	8.9
Tung oil.....	0.1	(¹)	0.3	0.2	0.1
Other ²	11.3	13.2	10.7	11.6	11.7
Total.....	134.9	239.5	288.3	415.5	452.5

¹ Less than \$100,000.

² Includes coconut, castor, and other oils and oilseed.

Vegetable oils and oilseeds: U. S. exports, fiscal years 1953 through 1957

(In oil equivalent)

Item	1953	1954	1955	1956	1957
Edible:	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>	<i>Mil. lbs.</i>
Soybeans.....	333.7	455.6	560.9	780.6	842.0
Soybean oil.....	122.0	88.8	36.2	371.3	926.4
Cottonseed.....	4.3	5.0	7.2	5.4	3.8
Cottonseed oil.....	61.7	308.2	625.0	651.5	462.3
Peanuts.....	0.8	70.6	3.3	0.6	28.5
Peanut oil.....	2.2	8.2	0.9	1.1	25.4
Industrial:					
Linseed oil.....	3.1	302.5	317.6	138.7	78.0
Flaxseed.....	3.9	47.3	162.1	207.0	50.5
Tung oil.....	0.3	0.1	1.1	0.6	0.4
Other ¹	67.3	76.8	65.9	73.9	70.4
Total.....	599.3	1,363.1	1,780.2	2,230.7	2,487.7

¹ Includes coconut, castor, and other oils and oilseed.

oilseed exports that year. This value was 21 percent higher than in 1956 and 51 percent higher than in 1955. Soybean oil exports soared from fiscal year 1955 to 1957. None moved under Government programs in 1955, but, by 1957, \$106.4 million worth were financed. Soybean exports under Government programs also rose in these years, from \$1.8 million to \$9.6 million. In 1957, this amounted to about 5 percent of the total value of soybean exports. The value of total cottonseed oil exports in fiscal 1957 was the lowest in 3 years, as were exports under Government programs. The decrease in exports under Government programs reflected reduced supplies of cottonseed oil in the United States and a strong dollar demand from Germany. Countries with authorizations for edible oil purchases under Public Law 480 turned to soybean oil because it was plentiful at lower prices.

The increased value of exports of edible oils and oilseeds more than offset the sharp decline in value of flaxseed and linseed oil shipments during 1957.

Market Surveys and Analyses

An FAS marketing specialist made a study in early 1957 of the production of olive oil in Mediterranean countries and

the effect on markets for U. S. oils and oilseeds in Western Europe, particularly in the olive-producing countries. He also investigated market development possibilities for oils, oilseeds, and oilseed cakes and meals. He found that in some areas olive trees had recovered considerably from freeze injury and that the need for supplies of edible oil was not as great as had been anticipated. In Spain, Greece, and Turkey the olive crop was a good deal larger than that of 1955-56, but in Italy production was still low. The information obtained in this survey was used in developing estimates for public statements and reports and in developing export programs for edible fats and oils and oilseeds.

Later in 1957, another marketing specialist went to Europe to investigate opportunities for market development projects and to attend the annual Congress of the International Association of Seed-Crushers at Rapallo, Italy. Attendance at the Rapallo meeting afforded an opportunity to meet with European importers, processors, and others to discuss and answer questions regarding U. S. merchandising programs, trading methods, grade standards, and similar problems of international trade.

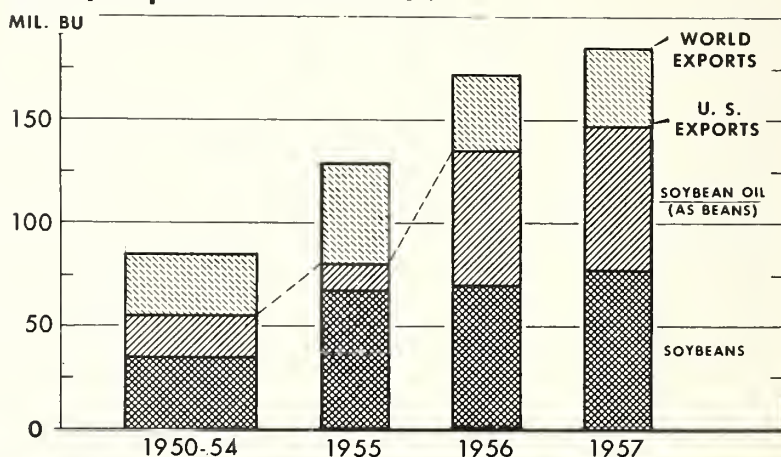
In six South American countries the supply and marketing situation was investigated. One of these was Argentina, where a survey was made of tung oil production. It was concluded that Argentina is very likely to have more tung oil for export on the average than is needed for import into the United States. It was found also that while Argentine production of flaxseed, peanuts, and olives was up, the 1956 sunflowerseed crop had fallen short of expectations and that the 1957 crop was not likely to be so large as to produce any significant quantities of edible oils for export. In Chile, Peru, Ecuador, and Venezuela, studies indicated growing consumption requirements for edible oils. Imports are expected to continue increasing. However, such imports will be limited by high retail prices, duties and import charges, dollar exchange problems, and handling and processing problems. These facts and limitations on imports were passed on to the trade organizations, and arrangements are being made to provide technical and other aid to processors.

Market Information and Services

During fiscal 1957, over 200 spot market reports concerning oils, oilseeds, and oilseed cakes and meals were released in the weekly Foreign Crops and Markets. In addition, 12 world production summaries and 2 world trade summaries were released during the year in Foreign Crops and Markets. These publications covered soybeans, peanuts, castor beans, whale oil, palm oil, cottonseed, and flaxseed. Five of these summaries also were published as circulars with the inclusion of more extensive statements and statistical data on the more important commodities. Also, one overall study was published covering world production of the 22 major fats and oils.

Several trade meetings and conferences in the United States were attended during the fiscal year. At these meetings were discussed the problems of supply and development of foreign markets for soybeans, flaxseed, vegetable oils, and oilseed cakes, and meals.

U. S. Soybean & Oil Exports Nearly Tripled Since 1950-1954



USDA

FAS-NEG. 1454

Reducing Foreign Trade Barriers

Import duties and other devices to limit imports of oils and oilseeds are common in many countries. Often the purpose of these is to encourage local production of oilseeds and of oilseed products. In other cases, these devices are also useful in conserving limited foreign exchange holdings. In spite of these, world consumption requirements are increasing and foreign markets are expanding. In the usual case, local oilseed production has not increased rapidly enough to meet demands or production is limited by lack of additional suitable land or technological advances. On the whole, increases in world trade in and use of oils and oilseeds have characterized recent years in spite of trade barriers.

Some reduction in foreign trade barriers to imports of oils, oilseeds, and oilseed cakes and meals occurred during this fiscal year. Italy extended to December 31, 1958, the period for the suspension of import and ad valorem duties on soybeans and flaxseed. Peru reduced its ad valorem import duty on edible soybean and cottonseed oil, but the specific duty was continued.

Export Programs

U. S. exports of oils and oilseeds under Government programs have tripled in the past 3 years. By far the most important of these programs has been sales for foreign currencies, under Title I of Public Law 480.

Vegetable oils and oilseeds: U. S. exports under specified Government programs,
fiscal years 1955-57

(In oil equivalent)

Program	1955		1956		1957	
	Quantity	Value	Quantity	Value	Quantity	Value
	<i>Mil. lbs.</i>	<i>Mil. dol.</i>	<i>Mil. lbs.</i>	<i>Mil. dol.</i>	<i>Mil. lbs.</i>	<i>Mil. dol.</i>
Title I, P. L. 480.....	50.7	7.3	486.0	74.2	677.5	109.7
Title II, P. L. 480.....	10.8	2.8	26.9	5.5	0.1	(¹)
Title III, Sec. 302 and 416, P. L. 480.....	65.3	13.0	15.0	3.0	1.9	0.4
Title III, Sec. 303, P. L. 480.....	24.8	2.9	33.0	4.6	--	--
Sec. 402, P. L. 665.....	² 108.0	18.7	91.0	17.3	176.8	30.1
Total.....	259.6	44.7	651.9	104.6	856.3	140.2

¹ Less than \$100,000.

² Estimated.

Sales for Foreign Currencies.--Agreements were signed with 12 countries in fiscal 1957, providing about \$98.1 million for vegetable oils. The program volume amounts to about 575 million pounds of oil. The amount programmed for 1957 compares with \$105 million (equivalent to 626 million pounds) in 1956 and \$27.3 million (equivalent to 184 million pounds) in 1955, the first year Public Law 480 was in operation. Supply deficits in Greece, Italy, Spain, Turkey, and Yugoslavia--reflecting for the most part the short olive crops--provided the basis for the edible oil programs with these countries. Other countries included were Austria, Brazil, Colombia, Ecuador, Iceland, Pakistan, and Poland.

Total shipments of vegetable oils under Title I during fiscal 1957 increased to 677.5 million pounds. Exports of cottonseed oil declined from 304 million pounds in 1956 to 86 million pounds in 1957 following the disposal of CCC stocks. At the same time, exports of soybean oil increased from 179 million to 587 million pounds, reflecting the record soybean crop of 1956 and increased Title I programming. Linseed oil shipments were increased from 3.2 to 3.9 million pounds.

Foreign Aid Financing.--Disposals under Section 402, Public Law 665, administered by ICA, rose from \$17 million value during fiscal 1956 to \$30 million in 1957. Soybean

oil rose from 36 million pounds during 1956 to 67 million in 1957. Cottonseed oil rose from 26 million to 71 million pounds. Soybean disposals under these authorities amounted to 3.5 million bushels in 1957 as compared with 2.7 million in the previous fiscal year. Linseed oil and peanut oil also showed considerable increases in 1957.

Other Programs.--Shipments under Titles II and III, Public Law 480, were small in 1956-57. Such programming (which permits agricultural surpluses to be donated for relief and to be bartered or exchanged for strategic materials) diminished within the past year following disposal of previously large CCC stocks of cottonseed oil. Donations in previous years under these authorities included cottonseed oil only. These amounted to 76 million pounds in 1955, 42 million pounds in 1956, and only 2 million pounds during 1957.

Private Trade Activities

Market development is by no means limited to governmental activities. In recent years, as oilseed production has increased, so has the importance of export markets. Concurrently, private industry in the United States has shown an increasing interest in foreign outlets. Several firms have added to their export marketing staffs in this country, and others have opened subsidiary

offices and plants in other parts of the world, particularly in Western Europe. In addition, the trade has assumed an active interest in international trade organizations, and private trade organizations have expanded their activities to include international as well as domestic marketing for oilseeds and their products.

Projects Using Foreign Currencies

Two market development project agreements providing for work in Spain and in Italy were entered into with the Soybean Council of America, Inc., in April 1957. In both of these countries there is an increasing requirement for imports of seed oils and oilseeds.

The Soybean Council will carry out these projects in cooperation with local trade interests. Both are to contribute to the costs of the project. The U. S. agricultural attaché in each of the countries will advise with representatives of the Council engaged in market development work and will facilitate these operations so far as possible.

Another agreement is with the American Soybean Association, which has undertaken a project to promote the sale and use of American soybeans in Japan. The Association has entered into supplementary arrangements with Japanese trade interests resulting in the establishment of the Japanese-American Soybean Institute in Tokyo. Project operations are conducted by the Institute. The present agreement continues until April 3, 1959.

As a result of this project, direct working relationships have been established for the first time between U. S. and Japanese trade groups. Analyses of shipments have helped improve the conformance of U. S. soybean shipments to quality and grade standards desired by the Japanese. This has encouraged favorable attitudes toward and wider use of U. S. soybeans in Japan. Also, Japanese official programs to encourage uses of soybeans are being assisted and facilitated throughout Japan, and Japanese trade groups and officials are cooperating in studies for improving food products made of U. S. soybeans.

International Trade Fairs

International trade fair exhibits were an important supplement to other market de-

velopment activities for edible oils, soybeans, and oilseed cakes, meals, and protein concentrates. At the Verona fair, an exhibit of 50-percent-protein soybean meal was featured as a primary ingredient of livestock feed supplies, especially poultry feeds. The exhibit emphasized poultry feeding as a means of obtaining "more meat and more eggs in less time and at less cost." It included live poultry of various kinds and age groups to illustrate the importance of balanced feeding rations.

The exhibit was sponsored by the Soybean Council of America, Inc. It was developed as an adjunct to other market development activities in European countries undertaken by that organization in cooperation with FAS. The interest shown in this exhibit at Verona was so great that it was moved to a similar fair in Palermo, Italy. Following these exhibits, thousands of inquiries were received on feed ingredients, such as soybean meal, formulas, and poultry husbandry.

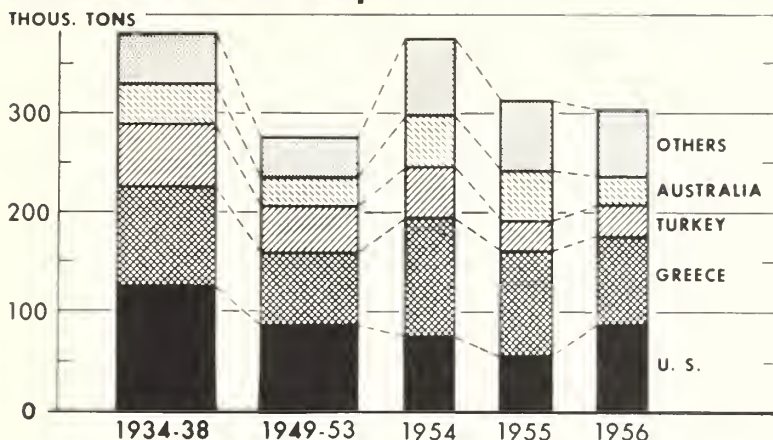
At the Tokyo fair, soybeans and soybean products were featured. The exhibit was sponsored by the American Soybean Association as a part of its soybean market development operations. The Association and the various soybean trade organizations in Japan furnished the displays, which featured scenes on soybean production, cleaning, storage, and shipping. A world map showed the U. S. soybean producing area and Japan connected by a lighted neon tube with the legend "Soybeans needed by Japanese are imported from the United States." Various products of soybeans including soybean oil and common Japanese foods made of soybeans were exhibited. Legends on panels emphasized the nutritive value of the products of soybeans. This exhibit was intended to supplement other promotional efforts in Japan by emphasizing the importance of soybeans as a source of protein and fat often deficient in Japanese meals.

FRUITS AND VEGETABLES

Export Situation

Market Areas.--Canada and Western Europe are the most important markets for American fruits. U. S. exports to these markets are over four times those to the rest of the world:

U. S. Largest Supplier of Dried Fruits to W. Europe



USDA

FAS-NEG. 1442

Value of U.S.
exports¹ World
population

Percent of Percent of
total total

Canada	42	(²)
Western Europe ³ ..	40	7
Latin America ⁴	11	5
All other.....	7	87

¹1954-56 average, "fruits and preparations and nuts and preparations."

²Less than 1 percent.

³12 countries.

⁴14 countries.

Each of these market areas can be further subdivided in terms of relative opportunities. In Western Europe, five countries (the Netherlands, Sweden, Switzerland, Belgium, and Norway), which have less restrictive import rules than many other countries, account for over half the trade. France, with one-fifth of the total population in this area, but with severe import restrictions, accounts for only 3 percent of total exports to the area. The United Kingdom has imported only limited quantities of American fruit with dollars, but has purchased significant quantities under mutual aid programs.

Nine countries of Central America with only one-third of the Latin America's population import over one-half of the U. S. fruits going into that area. Mexico with nearly two-thirds of the Central American population receives only one-sixth of the

imports of American fruits into this area. Venezuela, on the other hand, is the most important South American importer; it accounts for nearly three-fourths of these exports but has less than 10 percent of the population. In this South American area, Brazil has two-thirds of the population but takes only 2 percent of the exports.

Principal Commodities.—U.S. exports of all three of the principal classes of fruits and vegetables were larger in fiscal 1957 than in 1956:

1956 1957

Mil. Mil.
dol. dol.

Fruits and preparations.....	219.7	230.0
Nuts and preparations	10.2	24.7
Vegetables and preparations.	106.9	133.0

U. S. exports of fresh deciduous fruits have declined sharply since the 1930's, first as a result of war-born restrictions and more recently as a result of greatly increased European production of these fruits. Fresh citrus fruit exports, however, are larger now than in the 1930's. The increase is accounted for almost entirely by Canada; exports to Europe are about at the prewar level. While exports of raisins have held fairly constant, those of prunes have declined. World production and trade in all dried fruits, except raisins, have dropped during this period. U. S. exports of canned fruits are now lower than in the 1930's, although world trade has increased slightly. The decline in U. S. exports results almost entirely from reduced shipments to the United Kingdom in the postwar years. Although total British imports of canned fruits are still below the prewar level, increased takings from Australia and South Africa are closing the gap.

Method of Sales.—About 90 percent of U. S. exports of fruits are commercial sales for dollars. For several of the early postwar years, export incentive payment programs were in effect for fresh apples and pears. Similar programs for fresh and processed citrus fruits were in effect for a number of years but were discontinued in 1956. There were no export

subsidy programs for fruits in effect during the period under review.

Considerable quantities of fruit and fruit products have been sold to the United Kingdom under mutual aid financing. This accounts for nearly all the sales of U. S. fruits and fruit products in recent years to that country. Since the inception of Public Law 480, programs have been negotiated with Austria, Finland, Burma, Iceland, and the United Kingdom for the export of a little over \$6 million worth of fruits and fruit products.

American exporters by and large are primarily concerned with obtaining competitive access to foreign markets rather than with Government negotiated and financed sales programs. For this reason, the economic health of foreign nations and the removal of import restrictions, such as exchange controls, protective quotas, and high tariffs, are of paramount concern to the American fruit industry.

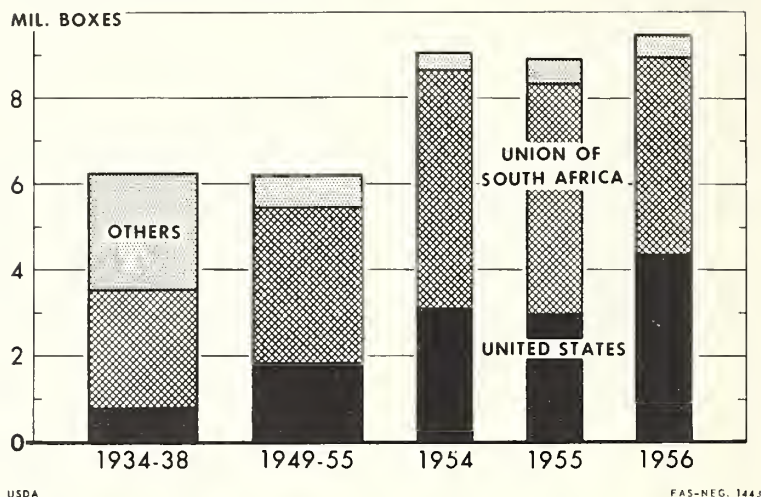
Market Surveys and Analyses

Known demand for a wide variety of U.S. fruits and vegetables in many countries of the world cannot now be satisfied because of import restrictions imposed by these countries. For this reason, quantitative market surveys have been less important to American exports than have been efforts to reduce or eliminate foreign import restrictions. This situation is likely to continue for some time.

During the past year, market analyses have been developed primarily to provide background for the initiation of foreign market promotion projects. Such analyses are desirable to measure not only the feasibility of these projects but also the justifiable magnitude of the expenditure.

The fruit marketing specialist stationed in London has continued his surveys and analyses of spot marketing opportunities in Western Europe. Generally, because of the time involved in publishing, information of this kind has been given directly to concerned segments of the American industry. During the year, several reports were issued on how U. S. products fared in foreign markets, requirements of these

West Europe Buying More U. S. Summer Oranges



markets, and the reception U. S. products received. One such report covered fresh apples, pears, and grapes exported during the 1956-57 deciduous fruit season. Another included fresh oranges, grapefruit, and lemons in Germany, Austria, Sweden, Belgium, Netherlands, and Switzerland. The U. S. share of the West German dried fruit and nut market was the subject of still another such survey.

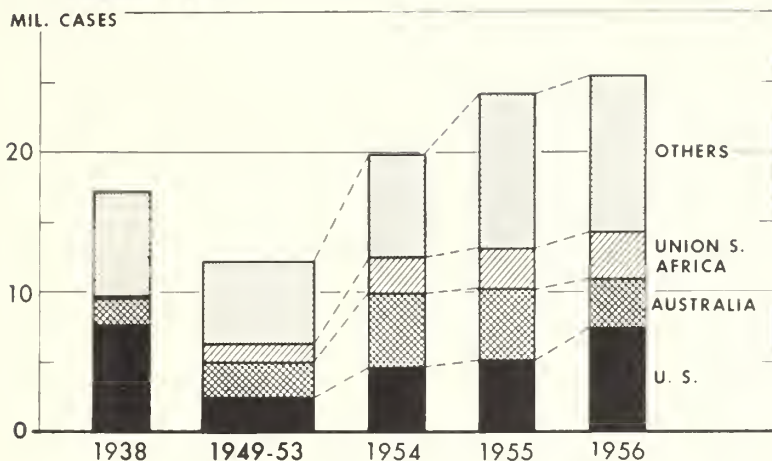
Market Information and Services

Canada accounts for 42 percent of U. S. fruit exports and 32 other countries take 54 percent. Because of the proximity of the Canadian market, receipt of up-to-date market information on these latter countries is of most concern to American traders.

For that reason, FAS has issued a 'Summary of Some Conditions Affecting U. S. Exports of Fruits and Nuts' to these 32 countries and revises it as conditions dictate. This release reports on import and exchange controls and international trade relationships of the countries. It also provides data relating to population, incomes, and value of U. S. fruit trade. The summary serves as a guide to Government personnel in revealing areas of greatest need for actions to ease trade and to American exporters in showing where lie the maximum opportunities for trade.

The weekly telegraphic report of European prices of seasonally traded fruits and nuts has been continued. This report is dis-

U. S. Now Largest Exporter of Canned Fruits



USDA

FAS-NEG. 1441

tributed each Thursday through the USDA Market News Services and covers auction prices realized the previous week in London, Antwerp, Hamburg, and Rotterdam. Tree nut prices are also reported from the principal producing areas.

Specific and general information, trade data, and counsel are provided to associations and individuals in the U. S. fruit and vegetable industry. This is done through participation in industry conferences and annual meetings, personal visits, and correspondence.

As occasions require, reports of specific market opportunities, relaxation or imposition of import restrictions, and unusual factors affecting production and trade are issued. As a general rule, such information is passed on to the principal elements of the trade by telephone or telegraph preceding the next available regular publication.

During the year under review FAS issued 31 circulars relating to world production, trade, and market opportunities in fruits and vegetables. In addition, 304 spot articles were published in the weekly Foreign Crops and Markets.

Reducing Foreign Trade Barriers

Continuing efforts to reduce foreign trade barriers are made. Full use is made of international organizations, such as the GATT, of agricultural attachés, and, in many instances, American and foreign industries.

Import restrictions on fruits and vegetables imposed by most foreign countries are more severe on products from the dollar area than on those from soft currency areas, and more severe on sources not politically related than on those kindred to the country concerned. Reasons for these restrictions are many and oftentimes complex. Most common is when the balance-of-payments situation will not permit the necessary dollar expenditure. Similar is the situation in a dollar-short country that restricts the use of available dollars to imports of goods considered more essential. Sometimes, too, the restrictions are imposed to protect trade rights granted other

suppliers as political partners or under bilateral trade agreements, or to protect domestic producers of products often not directly competitive with those under the import restriction.

France is an example of a country which imposes controls on imports of U. S. fruits and fruit products for all of these reasons. Brazil is typical of a country maintaining bilateral trade relationships in fruits with a neighbor, Argentina. United Kingdom restrictions on fruits and fruit products result largely because of considerations for trade with the Commonwealth and other overseas territories. Repeated representations on removal of these restrictions have been made to these countries by the United States, so far without significant result.

Other countries with which the United States has discussed reduction of import restrictions on fruit and vegetable products with tangible results include Germany, Belgium, the Netherlands, and New Zealand.

Agricultural attachés, supported by Embassy staffs, also are alert to call attention to restrictive or discriminatory import actions on the part of foreign governments. This has been particularly effective when a significant change in the balance of payments or the commodity-supply situation has occurred. During the past year, this has led to increased U. S. exports to Denmark, Norway, New Zealand, and Germany.

Representatives of U. S. producers and exporters have during the year traveled to

a number of foreign countries to discuss trade problems with importers and government officials. Through these collective efforts, some trade barriers have been lowered. The dried fruit and canned fruit industries have been particularly effective.

During 1956-57 significant steps to liberalize trade in fruits and fruit products were taken by four countries:

Austria--fresh oranges, dried fruits, walnuts, filberts, and almonds

Denmark--prunes, dried apricots, and peaches

Germany--dried fruits, except raisins, and tree nuts

Norway--fresh lemons and grapefruit, raisins and prunes, and canned fruits and juices of types not produced in Norway

Ireland, in the spring of 1957, removed from fresh oranges a "temporary special" import levy of $37\frac{1}{2}$ percent ad valorem. This additional duty had been imposed in the summer of 1956 to head off a deteriorating economic situation.

Export Programs

During July 1956 through March 1957, 11 percent of U. S. fruit exports were made under Government programs: 1 percent financed under Public Law 480 and 10 percent under Public Law 665.

In the previous year, no fruit was financed under Public Law 480 and the same percentage of total fruit exports was financed under Public Law 665. Total exports in the current year, however, were 15 percent larger in value, indicating a healthy increase in dollar trade.

The United Kingdom was the recipient of all of the U. S. fruits exported under the provisions of Public Law 665. Austria, Finland, Burma, and Iceland each received small quantities of U. S. fruit under Public Law 480.

These Government-financed exports proved most valuable to the dried fruit industry, since over one-fifth of its exports were made under these programs. Also, these Government programs have been most important in keeping U. S. products in the commercial markets of the United Kingdom and Finland. For nearly all of the postwar period, Finland has authorized no dollar imports of fruit products and England has allowed only occasional dollar imports of fresh apples.

Private Trade Activities

Many individuals and segments of the U. S. fruit industry carry out promotional activities abroad. These include brand promotions by individual packers and shippers, promotion of a commodity by a State or an area, and industrywide trade relation activities.

Brand promotional activities are comparable to those carried out in the United States on a scale commensurate with the anticipated market opportunities. The principal technique is distributor and consumer advertising. Trade volume does not warrant significant dealer service activity. Products principally concerned are canned fruits, dried fruits, and fresh citrus fruits.

State and area promotions are typified by the activities of the Florida Citrus Commission. This is a State authority acting on behalf of all of the citrus producers in Florida. Promotional activities abroad are principally in Western Europe and include trade and consumer advertising, consumer demonstration, trade or fair exhibits, and limited dealer service activities. Two area representatives stationed in Europe provide direction and coordination of promotional efforts.

Trade relation activities are carried out abroad by whole industries or segments thereof. These consist principally of personal visits by industry representatives with foreign importing groups and government representatives in the interest of obtaining greater liberalization of trade. In some instances, competing producer groups have been brought into the consultations. Products involved include dried fruits, canned fruits, and fresh and processed citrus fruits.

Projects Using Foreign Currencies

Five market development projects for fruit were initiated during the year. Two of these are FAS projects and three are under cooperative agreements with U. S. trade and agricultural groups.

The FAS projects include a booklet issued principally for foreign importers and buyers; in color, it shows fresh, canned, and dried deciduous and citrus fruits and other fruit products. Text is in English, French, German, and Spanish. The booklet also shows U. S. growing areas, has a marketing calendar by months and area,

gives buying guides, comments on standards and purity laws for fruits in interstate commerce, and has suggestions on specifications for purchase agreements.

The basic intention of this booklet is to acquaint foreign fruit importers with the characteristics of the whole range of U. S. fresh, canned, and dried fruits and tree nuts. Generally, among potential buyers of U. S. fruits and nuts, the most informed are familiar with only a few products. Others who last imported U. S. fruits in the late 1930's have forgotten much about these products. In addition, a new generation of importers, potential buyers, and consumers has come into being since that time, and they have no real knowledge of U. S. fruit and fruit products or the commercial source.

The second FAS project brought to the United States three West German Government food purity officials to acquaint them thoroughly with the administration of the U. S. Food and Drug Act as it applies to U. S. food industries. The objective of this project is to attempt to correlate standards adopted by German authorities with those applicable to the United States for food products under the U. S. Food and Drug Act.

One of the three project agreements was with the California Raisin Advisory Board. It was conducted in West Germany to increase consumption of California raisins through advertising in both trade and consumer publications.

A similar cooperative project for West Germany was entered into with the California Prune Advisory Board to stimulate consumer preference for California dried prunes and to sustain a high-volume outlet. Officials of the Board have conferred with importers, trade groups, advertising agencies, and government officials in West Germany, the Netherlands, Denmark, the United Kingdom, and Sweden on procedures best suited to obtain maximum results.

It is too early to evaluate the effect of these foreign market development efforts on the consuming public, but it is apparent that the campaigns have stimulated a great deal of interest and enthusiasm among the trade, not only in those countries where California products have been advertised, but also in other countries in Europe, particularly Denmark, Holland, and the United Kingdom. Buying groups in Western Europe have shown an interest in contributing funds

to advertise U. S. dried fruits in order to stimulate greater consumer interest in a commodity that apparently is unfamiliar to many young people in Europe.

Plans and agreements have been completed for the third cooperative market development project in West Germany. It is for U. S. citrus, between FAS and the Florida Citrus Commission. Included in this project will be advertising in trade journals and national women's magazines, and public relations activities. All effort will be directed toward stimulating consumer preference for U. S. citrus, fresh and processed, ultimately to establish a continuing high-volume outlet in West Germany.

Promotion of U. S. potatoes is the objective of still another project. It is between FAS and the Maine Potato Council in Argentina and Brazil, and was prompted by indications of the need for and possibilities of increased use of U. S. seed potatoes in South America, and for greater use of white potatoes in that area. This work will include educational and promotional activities among the importers and distributors and public relations work with the consuming public--mainly the housewife. In addition, market surveys by the Maine Potato Council will be conducted in Colombia, Chile, Cuba, Ecuador, Peru, Mexico, Venezuela, and Uruguay.

International Trade Fairs

The U. S. fruit and vegetable industry participated in the U. S. exhibit at the food fair in London in 1956. Donations of fruit to the exhibit by U. S. trade included fresh and canned deciduous and citrus fruits and various dried fruits. Free samples of American orange juice reconstituted from frozen concentrate were dispensed.

In the Tokyo fair in 1957, the Dried Fruit Association of California cooperated with FAS and the Japan Dried Fruit Import Association to exhibit dried apricots, peaches, pears, raisins, prunes, and figs.

Arrangements were made with U. S. producers and exporters to supply some 54 different items of fresh, canned, and dried fruits for exhibit at the Cologne fair in 1957. Free samples of reconstituted orange and lemon juices were given out during the fair.

GRAINS, FEED, AND SEEDS Export Situation

Exports of grain and grain products from the United States during the 1956-57 marketing year (July-June) totaled 22.1 million long tons (grain equivalent). This volume was 27 percent higher than exports of the previous year and 20 percent above the previous record of 18.3 million tons attained in 1951-52.

Several factors were responsible for this huge volume. Many importing countries, particularly those of Western Europe, harvested below-normal crops of food grains in the summer of 1956, and thus found it necessary to increase their imports accordingly. Gold and dollar reserves held by foreign countries were at their highest level since World War II, making it possible for these nations to buy goods from the United States which they had previously been forced to buy from nondollar exporters. The United States, with huge surpluses of grains, also made substantial quantities of these grains available under special export programs, thereby allowing many countries to import wheat, coarse grains, and rice which they would otherwise have been unable to finance.

Despite the efforts of many countries to achieve self-sufficiency in food grains and to conserve their foreign exchange reserves for purchasing capital goods and manufactured consumer items, the 1956-57 world demand for wheat reached unprecedented levels. The effects of rising living standards throughout most of the world and a continued rapid growth in the world's population were very much in evidence as U. S. exports of grains increased to meet the needs. Thus, a huge world demand, coupled with the more competitive position of U. S. producers and exporters, made possible a record volume of grain exports.

Market Surveys and Analyses

During the past year, FAS grain marketing specialists visited 10 countries to get first-hand information on current and expected grain trade conditions. These specialists conferred with U.S. agricultural attachés, government officials, and trade representatives in each country so as to obtain as much information as possible which could be used to develop new markets or to maintain and, if possible, expand existing markets.

During one visit to several countries of Southeast Asia, a grain marketing

Grains and grain products: U. S. exports, fiscal years 1953-57

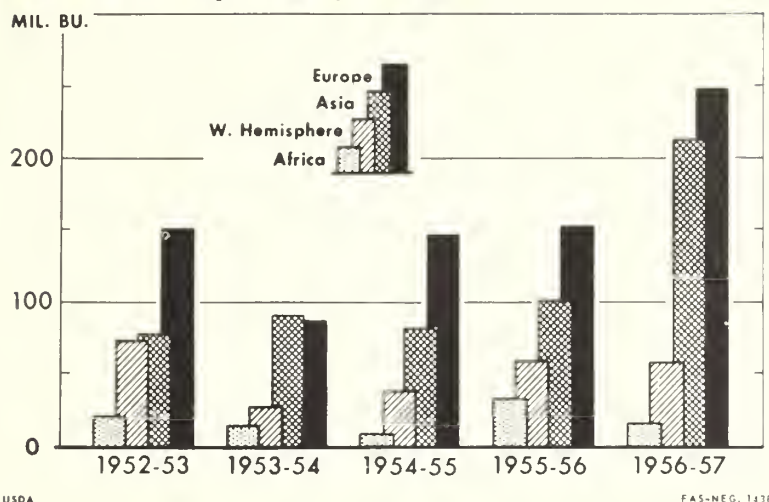
Grain	1953	1954	1955	1956	1957
	<i>1,000 long tons</i>	<i>1,000 long tons</i>	<i>1,000 long tons</i>	<i>1,000 long tons</i>	<i>1,000 long tons</i>
Food grains:					
Wheat ¹	8,495	5,802	7,348	9,241	14,625
Rye.....	8	(²)	75	176	265
Rice ³	766	703	440	573	1,173
Total.....	9,269	6,505	7,863	9,990	16,063
Coarse grains:					
Corn.....	3,152	2,777	2,043	3,093	3,618
Oats.....	59	49	220	415	382
Barley.....	794	398	929	2,226	1,331
Sorghums.....	283	209	876	1,818	722
Total.....	4,288	3,433	4,068	7,552	6,053
Total all grains.....	13,557	9,938	11,931	17,542	22,116

¹ Includes flour not wholly of U. S. wheat.

² Less than 500 tons.

³ Rice exports are on an August-July year.

U. S. Wheat and Flour Exports Increase Greatly to Europe and Asia



specialist found huge latent markets for wheat in India and Pakistan, a steadily growing demand for wheat and feed grains in Japan, and substantial export market potentials for wheat and flour in Burma, Indonesia, and Formosa.

As a result, market development activities already under way in Japan were greatly expanded. Preliminary plans were laid for new promotional programs in several other countries. Subsequent visits were then made by representatives of the Oregon Wheat Grower's League who made further plans for promotional work.

A second visit to the Philippines and Japan was made in response to reported changes in government import procedures and the proposed construction of a flour mill by Australian interests. The marketing specialist contacted key individuals in each country in an effort to ward off any possible discriminatory actions against U. S. wheat and wheat flour.

An FAS seed marketing specialist also traveled throughout Southeast Asia during 1956-57 in an attempt to expand the markets for U. S. seeds. Possible markets for pasture seed, particularly in Japan, have been reported to the U. S. seed trade.

A 2-year study of the grades and qualities of grain imported by European countries was completed in 1956-57. Samples of wheat cargoes from all over the world were collected and analyzed according to U. S. standards and techniques as to market class, grade, and baking quality. Re-

sults of the study will aid promotional work in that area.

Market Information and Services

Information affecting the competitive status and market prospects for U. S. grains and seeds was gathered, appraised, and disseminated by FAS throughout 1956-57. This type of information appeared in the form of approximately 250 articles in the FAS weekly Foreign Crops and Markets and 26 circulars describing world production, stocks, and trade of the various grain commodities. Several reports of market analyses also appeared in the monthly Foreign Agriculture. In addition, a comprehensive

bulletin, "International Trade in Bread and Coarse Grains," was published.

A wide range of data on world prices of wheat, wheat flour, and rice was disseminated during 1956-57 and proved useful to U. S. export traders.

Brief reports showing current domestic grain prices and major developments affecting the world trade of grains and seeds were prepared biweekly for all agricultural attachés.

Information, such as prices and supply evaluations relating to the marketing of U. S. rice, was prepared for several issues of the Rice Market Review, published in the United States.

FAS grain specialists also prepared a number of brief reports on the current world situation and outlook for trade in wheat, rice, and coarse grains. Such reports were used by the Agricultural Marketing Service in the monthly The Wheat Situation and The Feed Situation. Similar but more comprehensive reports covering the grain and seed commodities were prepared for the annual USDA Outlook Conference.

FAS grain specialists answered numerous requests from producer groups and both foreign and domestic trade representatives regarding developments in the world grain and seed trade. They also attended meetings of producer and exporter groups throughout the country and frequently appeared on the programs of such meetings to discuss current and potential markets

for U. S. commodities. In addition, during their visits to the United States, a great number of foreign government and trade representatives met with FAS grain specialists to discuss the export availability of U. S. grains and seeds. The grain specialists attended weekly meetings with representatives of other U. S. Government agencies and frequently met with representatives of FAO and other international agencies to discuss world trade and the problems involved in expanding overseas markets for U. S. grains and seeds.

Reducing Foreign Trade Barriers

A number of countries removed or reduced trade barriers on U. S. grain and grain products during 1956-57. In several of them, U. S. surplus commodities being supplied under Government programs were exempted from duty and taxes at time of importation, while in others, U. S. commodities were removed from the list of imports for which licenses were required.

FAS grain specialists prepared a number of reports calling attention to the trade restrictions facing U. S. grain and seed commodities at various world ports. These reports were then used as a basis for discussions at the regular conferences of the GATT.

Accomplishments in trade liberalization during 1956-57 may be illustrated by the following examples:

1. The Northern Zone of Morocco exempted all grains and flour from tariff duties.

2. The Greek Government exempted feedstuffs from CCC-owned stocks of surplus grains imported under P.L. 480 and P.L. 665 from import duties and related taxes normally levied at the time of importation.

3. Ireland eased the import restrictions on certain feedstuffs and pearled barley.

4. Denmark liberalized the import of wheat by issuing import permits for an increased amount of wheat from the dollar area.

5. Sweden exempted imports of wheat and flour, oats, barley, rye, corn, and feeding stuffs from the dollar area from licensing so long as the imports did not depress do-

mestic prices below legally established levels.

6. Guatemala admitted over a half million pounds of rice duty free.

7. The United Kingdom placed a long list of products from dollar areas, including grain and rice, on the general license list.

8. Nicaragua reduced the duty on semolina, coarse wheat flour, and flour made of spelt and meslin.

9. Saudi Arabia removed the duties from many grains and feeds.

10. The Federation of Rhodesia and Nyasaland reduced the import restrictions on all wheat and barley.

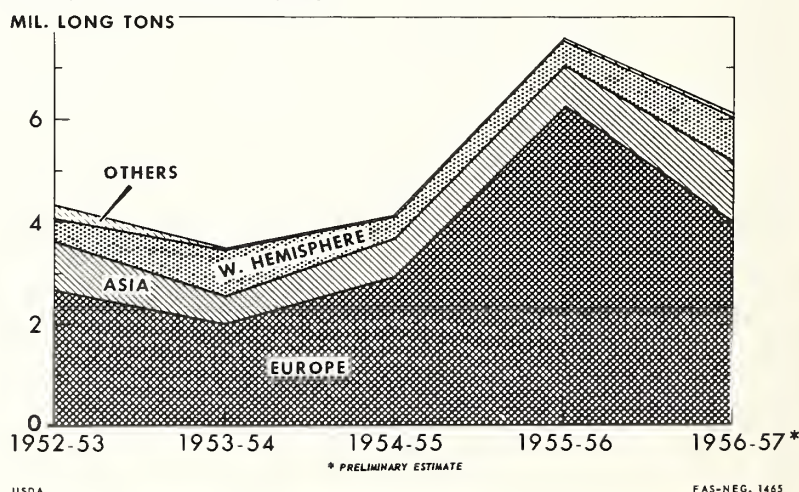
11. Ceylon removed the restrictions on imports of cereals from dollar areas.

12. Cuba relaxed the restrictions on the importation of certain grades of rice having a relatively high content of broken grains.

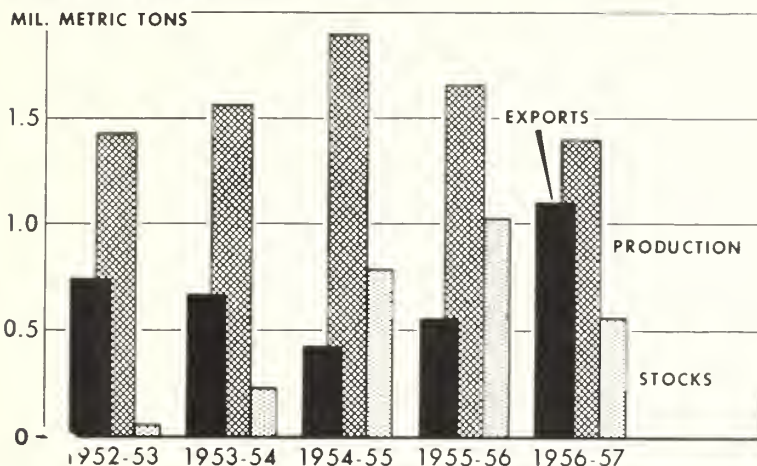
13. Germany revised import procedures for wheat by establishing quotas for imports of high-quality wheats from the United States, Canada, and Argentina, thereby increasing opportunities for exports of U. S. wheat.

Currently the United States is pressing for removal of other impediments to U. S. exports including (1) the Benelux countries' quota restrictions on imports of U. S. rice, (2) the Italian Government proposal to stain all imported legume seed, and (3) the German decision to put controls on imports of Redtop and Alsike clover seed.

W. Europe Biggest Export Market for U. S. Coarse Grains



U. S. Rice Exports Rise; Production and Stocks Decline



USDA

FAS-NEG. 1440

Export Programs

Although emphasis is placed on maximizing the sales of U. S. grains and seeds for dollars and, at the same time, minimizing losses to the Government in the disposition of CCC-owned stocks, a large portion of the 1956-57 exports of these commodities was financed through the aid of special Government export programs. Shortages of foreign exchange, particularly dollars, in many countries of the world plus various bilateral and regional trading arrangements have continued to hamper the flow of U. S. grain and seed commodities into foreign markets. As a result, 70.1 percent of the combined tonnage of food grains and 63.5 percent of the coarse grain exported by the United States during 1956-57 moved under special programs. The percentages of individual grains thus exported were as follows: Wheat 68.9, rye 69.0, rice 85.2, corn 53.9, oats 74.4, barley 79.0, and grain sorghums 77.1.

CCC Export Sales.--Various programs operated by CCC were extensively used in 1956-57 to make it possible for U. S. grains to be offered for sale at prices competitive with those of other major exporters.

On wheat and wheat flour, a direct subsidy was paid to the exporter in the form of CCC-held wheat. This payment, subject to daily change, averaged roughly one-third of the domestic price.

For rye and coarse grains, a competitive bid program was employed whereby CCC-held grains were made available to exporters

on a bid basis, making it possible for these grains to be offered for sale at prices which would be competitive on the world market.

Export Credits.--Instrumental also in facilitating the dollar exports of U. S. grains during the past year were the Export-Import Bank and the CCC Export Credit Program. The Export-Import Bank extends short-term credit to foreign banks or buyers for the purchase of CCC-owned grain, while the CCC Export Credit Program simply permits the sales of CCC-owned grain to U. S. exporters on a deferred payment basis.

During 1956-57, private traders moved approximately \$1.5 million worth of wheat and flour, \$2.5 million of dry edible beans, \$12 million of corn, and about \$3.5 million of other feed grains into export using the CCC Export Credit Sales Program. While this program has been in operation only a little over a year, it is believed that as exporters gain experience, sales will increase.

Sales for Foreign Currencies.--Two major export programs, authorized under Title I of Public Law 480 and Section 402 of Public Law 665, provide for the sale of surplus grains for foreign currency. These two programs accounted for about 66 percent of the total U. S. exports of grains under Government programs during 1956-57. Underdeveloped countries were the chief recipients. These programs have helped countries import large amounts of vitally necessary food and feed grains which they would not otherwise have imported because of difficult financial situations. Also they have afforded the people in recipient countries the opportunity of becoming familiar with the quality and availability of U. S. grains. They are helping to develop markets for the future.

On a combined tonnage basis, 49.4 percent of the food grains and 24.0 percent of the coarse grains exported by the United States in 1956-57 were financed through sales for foreign currency. About 73.7 percent of all grains exported for foreign currency moved under Title I of Public Law 480 with the remainder under Section 402 of Public Law 665.

Grains: U. S. exports under specified programs and cash sales, fiscal year 1957

Product	Sales under P. L. 480				Sec. 402	Cash sales	Total exports
	Title I	Title II	Title III				
			Barter	Donations (Sec. 416)			
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
Wheat.....	200,000	11,787	86,765	12,900	67,630	170,918	550,000
Corn.....	13,857	1,705	45,905	1,433	15,090	66,727	144,717
Barley.....	20,292	1,047	14,968	--	13,029	13,029	62,106
Sorghums.....	--	--	22,274	--	--	6,622	28,896
Oats.....	958	--	18,941	--	--	6,859	26,758
Rye.....	--	--	7,319	--	--	3,265	10,584
	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.	1,000 cwt.
Rice.....	17,922	568	736	2,915	248	3,879	26,268

Exports under these programs are expected to continue at a high level during 1957-58 but may be somewhat below that of 1956-57.

Barter.--Barter sales comprised a large portion of total U. S. exports of grains, about 15.7 percent of the food grains and 37.9 percent of the coarse grains, on a combined tonnage basis. Barter operations have the twofold result of effecting procurement of essential goods and services without expenditures of dollars and of assuring and facilitating the exportation of CCC-owned grains of an equivalent value. Exports under the barter program are not expected to be as large in 1957-58 as during 1956-57.

Government Relief Grants.--On a combined tonnage basis, about 2.1 percent of the food grains and 1.1 percent of the coarse grains exported by the United States in 1956-57 moved under Title II of Public Law 480 (famine and other emergency relief).

Donations Through Organizations.--Only 2.9 percent of the food grains and 0.6 percent of the coarse grains (combined tonnage basis) exported by the United States during 1956-57 moved under donations as provided for in Title III, Public Law 480 (donations to registered nonprofit voluntary agencies for needy persons abroad).

Private Trade Activities

Many trade groups for food and feed grains are active in promoting the sales of these commodities abroad. Among them

are the North American Export Grain Association, the National Federation of Grain Growers Cooperatives, the Millers' National Federation, and the National Grain Trade Council. FAS marketing specialists work closely with these and other industry groups and assist them through the agricultural attachés to make contacts with trade groups and foreign importers of U. S. grain and grain products.

Several wheat producer organizations are conducting extensive research aimed at maximizing handling and transportation efficiency and improving overall quality of their grain--all as a means of increasing exports.

U. S. feed manufacturers are also becoming quite active in foreign markets, especially in Latin America and southern Europe. Representatives are in many countries, and salesmen visit potential markets frequently and maintain close contact with the end-users of feeds. Private U. S. interests have built feed mills in Mexico and several Central and South American countries to further stimulate local broiler, egg, and milk production. Also, they assist foreign feed manufacturing firms by furnishing them with feed formulas and various laboratory services.

Today the United States leads the world as an exporter of dry beans and is one of the largest exporters of dry peas; two decades ago, imports exceeded the small amount of exports. Recognizing their export

opportunities, the several bean and pea associations in the Nation have instituted cooperative means for raising funds with which to finance market promotion activities. A considerable portion of this money is being spent on fundamental research geared to making beans more marketable. Other exporters have traveled abroad, making trade contacts and establishing foreign representation.

The rice industry has a continuing interest in foreign markets. However, because of uncertainty regarding forthcoming programs, the industry started little new activity in 1956-57. This was partly because a large part of the CCC stocks of rice were committed to export markets during 1956-57 under Government programs. In total, CCC holdings were reduced to 13.8 million bags of old-crop southern rice. The industry continued to actively support FAS market development programs.

Evidence of the effective relationships between the seed promotion activities of FAS and the trade is shown by the continued growth of dollar sales. During the 1956-57 crop year, over \$13 million worth of grass and legume seeds were shipped abroad, and only a half million dollars worth of these went out under Government programs. U. S. seedsmen, acting upon information obtained in market surveys by the FAS seed marketing specialist, are establishing agency representatives in important markets; and the number of firms sending salesmen overseas has greatly increased.

Two West Coast groups of producers and seedsmen have indicated a desire to assist in seed market development programs in potential new markets as well as in some of the established markets. They have already contributed films for use in market development abroad and contemplate other promotional activities.

Projects Using Foreign Currencies

Activity in market development with foreign currencies, introduced in 1955, has expanded greatly during the past year. During 1956-57, several trade and agricultural groups signed cooperative agreements with FAS.

In Japan, after meeting with considerable success during its first year of operation in 1955-56, a project designed to increase the per capita consumption of wheat and wheat products was expanded considerably. The Oregon Wheat Grower's League estab-

lished a permanent office in Tokyo and began working extensively with private Japanese wheat and wheat flour interests to further enlarge the scope of promotional activity.

In Japan and Korea, the Oregon and Washington Wheat Growers carried on projects which entailed an exchange with the United States of persons representing the wheat interests of each country. Similar projects, providing for tours of the U. S. Hard Red Winter wheat area by Greek and Italian representatives, were carried out under an agreement with the Nebraska State Division of Wheat Development, Utilization and Marketing. These projects give wheat importers, millers, and bakers from other countries an opportunity to observe the high quality of wheat available in the United States and to observe the handling and processing techniques employed in this country.

In Colombia the Millers' National Federation continued a series of projects aimed at increasing the consumption of wheat and wheat products through the use of various forms of publicity and a special training program for bakers. Similar projects are being developed jointly by the Millers' National Federation and the Nebraska Wheat Growers for other South American countries.

Under a series of projects jointly sponsored by the Oregon Wheat Growers and the Millers' National Federation, plans are being laid for additional wheat and wheat flour promotion in several countries of Southeast Asia.

A project agreement was signed with Michigan State University under which demonstrations will be conducted on selected farms in Colombia using suitable forage crop plantings and supplemental feed-stuffs imported from the United States to improve both dairy and livestock production.

A worldwide rice quality study has been initiated in cooperation with the Agricultural Research Service and the Agricultural Marketing Service. This study will compare the grades and cooking qualities of the various kinds of rice produced elsewhere in the world with those of U. S. rice.

The U. S. Rice Export Development Association, Inc., has begun a survey of the principal rice producing and importing countries to determine the kind and extent of market development projects which they will undertake with FAS.

The Western Bean Dealers Association made a market development survey of Latin American bean markets to determine the potential for U. S. beans and the possibility of future market development work. The first promotion project is being initiated in Peru.

The Ladino Clover Growers Association of California has assisted in building markets for U. S. seed by lending the master print of its movie on Ladino clover and supplementing it with a brochure. Under a special market development project a sound track in Spanish was supplied for the film in Peru and prints were purchased and distributed in the Spanish-speaking countries of South America. This film has been favorably received wherever it has been shown.

International Trade Fairs

Grains and seeds were represented in a substantial way at a number of international trade fairs in 1956-57. Most of the exhibits consisted of displays of U. S. types of wheat and wheat products and their uses, but some showed rice, dry beans and peas, and seeds. Most of these grain displays were undertaken in cooperation with producer and industry trade groups. In 1956-57 grains and seed were displayed at Bogotá, Tokyo, Barcelona, Palermo, and Verona.

LIVESTOCK AND MEAT PRODUCTS

Export Situation

U. S. meat exports have continued to increase in recent years. During the first half of 1957, such exports totaled nearly 125 million pounds, a gain of 58 percent over comparable 1956 shipments. This sharp rise resulted in main from increased exports of fresh and frozen beef and veal, which rose from 25 million to 55 million pounds, and larger exports of canned pork, which jumped from 2 million to 13 million pounds. A substantial portion of these increases resulted from shipments of beef to Spain and canned pork to Korea under Title I of Public Law 480.

The upward trend in exports of U. S. hides and skins also continued in 1957. During the

first 8 months, gains made over the corresponding period in 1956 were 63 percent in sheep and lamb pelts, 37 percent in cattle hides, and 14 percent in calf and kip skins. West Germany, the Netherlands, the United Kingdom, and Canada all increased their purchases of U. S. hides and skins.

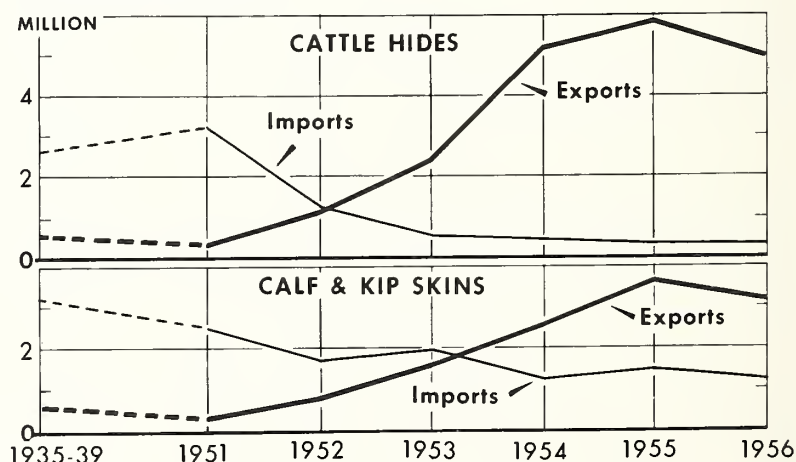
U. S. beef cattle inspected for export in the first half of 1957 totaled 25,059 head destined for 25 countries. Mexico was by far the largest market as the result of an Export-Import Bank loan. Other important buyers were Canada, Venezuela, and Cuba.

Exports of variety meats declined in 1957 for the first time in several years. This resulted principally from reduced German imports; German production was the largest in many years.

Overseas sales of U. S. lard, tallow, and greases also were less during January-June 1957 than during the similar period in 1956. Tallow and greases decreased 3 percent from the record level in 1956, with exports to Europe off 9 percent. European markets accounted for over 60 percent of all U. S. tallow trade in 1956. On the other hand, shipments of tallow to Asia were up during the first half of 1957 because of Turkey's takings under Public Law 480.

For lard the decline in exports during the first half of 1957 was due to increased U. S. domestic consumption, higher prices, and a drop in exports under Public Law 480. Shipments to Austria, Yugoslavia, and West Germany were down considerably, but

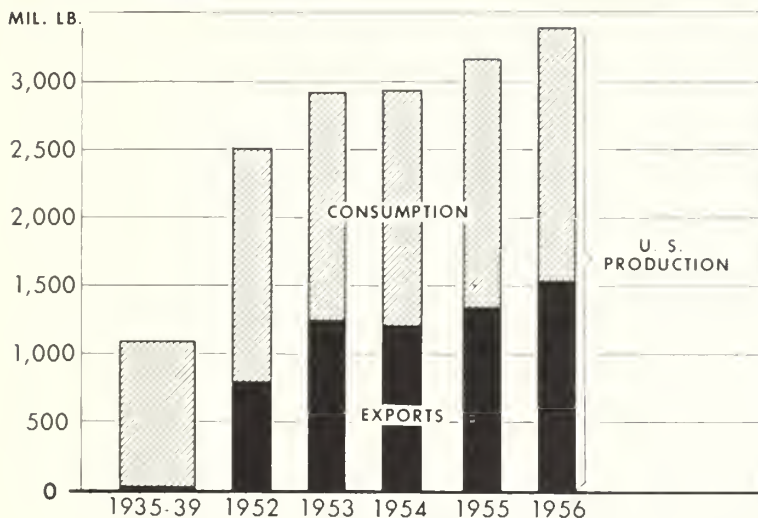
U. S. Large Net Exporter of Hides and Skins



USDA

FAS-NEG. 1432

Exports Are Big Outlet for U. S. Tallow & Greases



those to the United Kingdom and Cuba--the two major importers of U.S. lard--were about 10 and 14 percent higher, respectively, than in the corresponding period of 1956. Although total imports of lard into the United Kingdom during the first 5 months of 1957 increased, the U.S. share decreased substantially. In those months of 1956, the United States held 86.6 percent of total U.K. imports of lard but only 65.8 percent for the same period of 1957. France, Argentina, Belgium, Denmark, and the Netherlands have all increased their share of the U.K. lard market.

Exports of casings during 1957 were down from the previous year, too. U.S. exports of hog casings during January-August 1957 were just slightly below the level for the same period last year. Exports of other type casings, mainly beef, were down about 10 percent. The principal reason for the overall decline was the substantial drop in exports of beef casings to the Netherlands and hog casings to the United Kingdom. The United States now has a large surplus of hog and beef casings, mainly because of production of synthetics and the tremendous increase in hog and cattle slaughter over the past two decades.

Market Surveys and Analyses

FAS livestock and meat marketing specialists visited 16 major foreign markets during 1957. In Europe, market surveys were made in the United Kingdom, Western Germany, the

Netherlands, Denmark, Austria, France, Spain, Greece, and Italy.

These surveys investigated the feasibility of bulk shipments and handling of lard to the United Kingdom and of bulk shipments of tallow to Spain and Greece. Discussions were held with interests concerned, and steps are under way to introduce bulk shipments, the adoption of which will improve the U. S. competitive position in these markets.

In Germany, plans were made for an association of importers to expand the market for U. S. quality lard that meets rigid specifications. Also investigated were possibilities of bringing German and Italian meat inspectors to the United States to study inspection procedures. In France, Greece,

Spain, Germany, the United Kingdom, and other countries, methods of increasing sales of variety meats were discussed with the industry. Summary of the surveys, including suggested improved techniques in grading and quality control, were made available to U. S. industry.

An FAS marketing specialist traveled to Peru, Chile, Brazil, and Venezuela in connection with developing the market for U. S. livestock and meat products. Special emphasis was placed on expanding the market for U. S. animal fats, and the information obtained was made immediately available to the U. S. industry. Discussions with Brazilian officials helped to develop a sizable dollar purchase of U. S. swine. Also, a U. S. cattle specialist was sent to Brazil, Peru, Ecuador, Colombia, Venezuela, and Mexico to appraise the market potential and the results of recent FAS market promotion activities in those countries.

Market Information and Services

During the first 9 months of 1957, FAS published 240 spot news reports on livestock and meat products in its weekly Foreign Crops and Markets, and also published 13 livestock and meat circulars.

A semiannual circular on U. S. beef breeding cattle inspected for export was instituted as a convenient reference guide to facilitate future market transactions.

The Daily Yellow Sheet of the National Provisioner, which gives Chicago prices for all types of meat products, is forwarded once a month to about 30 agricultural attachés located in countries where there is a potential market for U. S. meat products. Attachés are also provided with current meat inspection and grading regulations and with promotional material from U. S. livestock breed associations.

Representatives of FAS participated in many conferences and trade meetings throughout the year, including the annual meetings of the American Meat Institute, the National Independent Meat Packers Association, Livestock Conservation, Inc., the National Renderers Association, and the National Hide Association. They also attended the Livestock Advisory Committee meeting of the American Farm Bureau and numerous meetings with the Foreign Relations Committee of the American Meat Institute. FAS marketing specialists addressed these meetings and discussed with industry groups plans for expanding foreign markets for U. S. meat products and current marketing problem. FAS representatives met with foreign visitors to the Florida State Fair, the Houston Fat

Stock Show, and the Pan American Livestock Exposition.

Reducing Foreign Trade Barriers

In the past 18 months, several foreign governments have reduced trade barriers so as to permit larger U. S. sales of meat products in foreign markets.

In July 1956, U. S. exporters were allowed to ship, for the first time since 1954, pickled pork products to Jamaica. As a result, total pork exports to Jamaica reached almost 800,000 pounds in the first 7 months of 1957. Embargoes against U. S. pork products have also been in force in Trinidad, British Honduras, and Venezuela because of the presence of V.E. disease of hogs in the United States.

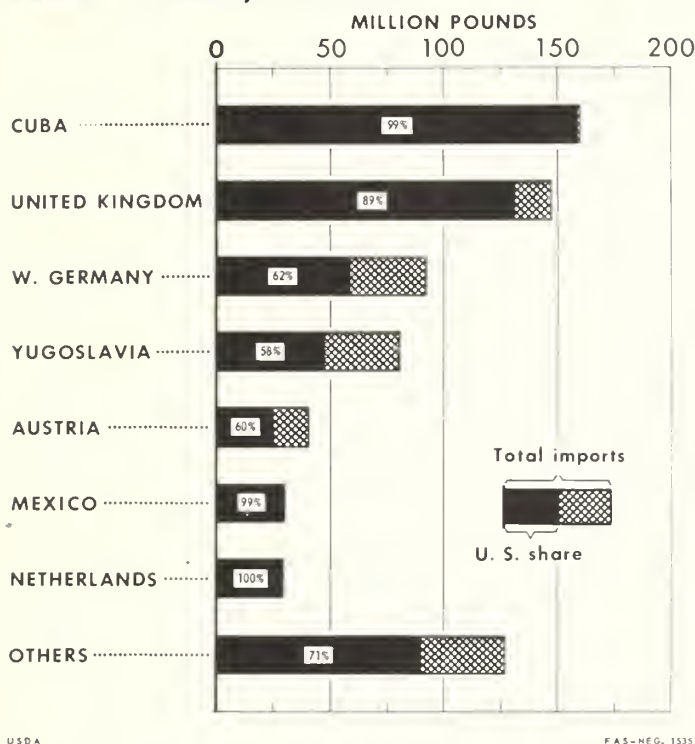
About mid-year 1956, however, the British colony of Trinidad lifted restrictions on imports of pork products from the United States. U. S. exports of pork to the colony rose to 1.1 million pounds in 1956 and totaled 1.2 million pounds in the first 7 months of 1957. Also, British Honduras lifted its ban on imports of pork products from the United States, on May 15, 1956. U. S. exports to that market exceeded 400,000 pounds in the first 7

Meat and meat products: U. S. exports, 1955-56 and January-June 1957

Item	1955	1956	Jan.-June 1957
	<i>1,000 dol.</i>	<i>1,000 dol.</i>	<i>1,000 dol.</i>
Beef and veal.....	10,835	24,554	21,204
Pork.....	17,112	19,325	17,348
Lamb and mutton.....	223	296	320
Sausage, bologna, and frankfurters.....	3,199	3,089	3,800
Other canned meat and meat products.....	752	758	865
Baby foods, canned.....	187	259	271
Horsemeat.....	2,617	2,852	1,060
Variety meats.....	13,183	18,641	9,314
Sausage, casings.....	8,550	7,637	3,989
Lard.....	76,066	79,523	45,744
Tallow and greases.....	113,462	127,804	67,643
Hides and skins.....	66,464	56,918	31,960
Mohair..... ¹	6,168	13,474	8,350
Livestock ¹	13,265	11,587	9,045
Total.....	332,064	366,716	220,912

¹ Includes dairy cattle exports not separately reported.

Lard: Total Imports by Selected Countries and U. S. Share, 1951-56



months of 1957; they were only 110,000 pounds during all of 1956. Venezuela ended its quarantine against uncooked pork products from the United States in late 1956, and now U. S. exporters can sell cured hams and bacon there. U. S. exports of pork to Venezuela in 1956 amounted to 2.3 million pounds and were 1.3 million in the first 7 months of 1957. Exports of hams to that market are the largest of the year in the fall and early winter.

The first free dollar tender to permit imports of variety meats into West Germany was published on July 14, 1957. This permits U. S. variety meats to enter Germany at a lower cost than under the "premium dollar plan," since importers do not have to buy dollars at a substantial premium to acquire their supplies. Germany imported 34 million pounds of variety meats from the United States in 1956.

Also, the first free dollar tender for imports of fatback by West Germany was issued in August 1956, replacing its "premium dollar plan." This has permitted U. S. exporters to compete more effectively in that market against other suppliers. In the first half of 1957, Germany

imported 17 million pounds of fatback from the United States.

The Government of the United Kingdom now permits the U. S. Armed Forces to import pork from the United States for use by military troops, but does not permit imports for other consumers because of that country's dollar position. Imports had not been permitted previously on the grounds that they might introduce hog cholera or V.E. disease into the United Kingdom.

Recently Sweden has removed license restrictions on imports from the dollar area of mutton, smoked or salted beef, horsemeat, and variety meats; and on May 15, 1957, that country also reduced import excise taxes on many meats and meat products. Most important to U. S. exporters are the reductions for carcass horsemeat and variety meats.

In early 1957, the President of Chile was authorized to suspend or decrease taxes and customs duties on edible greases and lard. The United States has not been a traditional supplier of these commodities to Chile as heretofore the customs duties

made competition with Argentina unprofitable.

Export Programs

The following Government export programs have been effective in expanding exports of U. S. meat and meat products:

Sales for Foreign Currencies.--Title I, Public Law 480 shipments of lard, tallow, and meat products from the United States in the first half of 1957 reached a peak of \$34 million. As of June 30, 1957, agreements had been concluded for the sale of \$89 million worth of lard, tallow, and meat products.

Other Programs.--Substantial quantities of lard, tallow, hides and skins, beef, and other meat products have been exported under Mutual Security and Economic Aid Programs of ICA. Exports under these programs dropped sharply in 1956-57 from the year before, mainly because of reduced shipments of beef to Spain and of lard to the United Kingdom.

As a result of two \$5-million loans to Mexico by the Export-Import Bank of Washington between October 1956 and May 1957, Mexican ranchers purchased 19,988 head

Meat, lard, and tallow: U. S. exports under Title I of Public Law 480, 1955 through June 30, 1957

Destination	Meat		Lard		Tallow		Total	
	1,000 lb.	1,000 dol.	1,000 lb.	1,000 dol.	1,000 lb.	1,000 dol.	1,000 lb.	1,000 dol.
Austria.....	--	--	23,954	2,400	--	--	23,054	2,400
Brazil.....	--	--	16,383	2,220	--	--	16,383	2,220
Formosa.....	--	--	--	--	10,233	723	10,233	723
Greece.....	--	--	22	3	--	--	22	3
Israel.....	24,792	6,197	--	--	1,058	95	25,850	6,292
Korea.....	9,530	4,765	--	--	--	--	9,530	4,765
Paraguay.....	--	--	1,473	186	--	--	1,473	186
Spain.....	54,868	14,312	--	--	53,018	4,800	107,886	19,112
Turkey.....	--	--	--	--	43,865	3,948	43,865	3,948
Yugoslavia.....	4,242	1,061	142,707	18,217	21,488	1,719	168,437	20,997
Total.....	93,432	26,335	183,639	23,026	129,662	11,285	406,733	60,646

of U. S. beef cattle for breeding stock in 16 States. A further dollar purchase of 1,000 head was made, owing to interest created by the loan.

Private Trade Activities

The U. S. livestock industry is taking an active interest in promoting foreign sales of breeding stock. Several groups of U. S. breeders have recently completed good-will tours through Central and South America, and U. S. livestock judges have visited the Union of South Africa, Southern and Northern Rhodesia, and the United Kingdom.

Every opportunity is made for U. S. and foreign breeders to become acquainted. For example, the management of several major U. S. livestock shows now includes a foreign relations committee to provide interpreters and plan itineraries for visitors, including tours of farms and ranches. These meetings have resulted in mutually beneficial trade. Since 1953, for instance, 1,752 visitors from foreign countries have attended the Pan American Livestock Exposition held annually in Dallas, Texas, and reportedly purchased from contacts made there over \$6,425,000 worth of breeding stock.

Plans are being completed for an International Cattlemen's Sale to be held in Florida this March in connection with the Imperial National Brahman Show. Emphasis will be placed on selling quality cattle for export.

To help increase sales of U. S. sheep to Peru, the executive secretary of the Corriedale Association flew there this past year with a plane load of sheep that he had selected for the Agricultural Bank. While in Peru, he consulted with private breeders and agricultural officials on importing U. S. sheep to upgrade flocks. In addition, when a Peruvian official visited the United States recently, he was taken by the Corriedale Association on an all-expense-paid tour of 15 States to meet U. S. breeders and inspect their flocks.

The U. S. swine trade is also working to expand Latin American markets. Following an FAS market development project for swine in Chile, the executive secretary of the Duroc Record Association and the president of the U. S. National Association of Swine Records visited three other Latin American countries at their own expense. In Brazil, arrangements were made for substantial imports.

Projects Using Foreign Currencies

One project using foreign currencies was a survey of the important Japanese tallow market by two U. S. industry representatives, sent to study complaints from the trade regarding quality and handling procedures. Since the study, the U. S. trade has received no further complaints on these counts; and from January to June 1957, U. S. tallow exports to Japan rose nearly 22 percent over the same period of 1956.

Two additional project agreements have been signed with the U. S. tallow industry. One is a follow-up project in Japan to stimulate the sale of soap made from U. S. tallows. This is being accomplished through an intensive consumer advertising and promotional campaign initiated in conjunction with two Japanese industry associations. A U. S. industry representative visited Japan to guide the planning and implementation of the project. On condition that the Japanese Government permits the use of yen for trans-Pacific air travel, a Japanese study team will visit the United States early in 1958.

Now completed is a project to expand the market for U. S. hides and skins in Europe. Two U. S. industry representatives visited seven countries and discussed with industry and government officials marketing procedures and problems. Their chief objective was to instigate cooperative market development work between foreign trade groups and the U. S. hides and skins industry. A similar mission will visit Japan early in 1958.

Based on the recommendations of a recent FAS market survey, a lard market development project has been signed with the American Meat Institute and is now being undertaken in Germany. The plan is to promote U. S. quality lard by industry

advertising and other promotional activities. The Institute, working with the German Trade Mark Association, will adopt an identifying trade mark which will be affixed only to lard imported from the United States which meets the eligibility requirements under a new set of rigid specifications.

Under another project, it is planned to bring veterinary inspectors of meat and meat products from foreign countries to the United States to familiarize them with U. S. standards and method of export inspections. A follow-up project to send U. S. inspection officials to these countries is contemplated. It is anticipated that in this manner various steps can be undertaken to eliminate foreign sanitation barriers to U. S. products.

Late in 1956, FAS cooperated with U. S. cattle breeders in a market development project whereby 26 young purebred bulls were flown from the United States to Peru for exhibit and public auction at a major livestock show. The bulls attracted great interest and sold for an average price well above that for local stock. A follow-up FAS market development project brought seven Peruvian breeders to the United States in February 1957. They visited the Florida State Fair, the Houston Fat Stock Show, and about 35 ranches. Peruvian breeders

Meat animals and products: U. S. exports under Mutual Security and Economic Aid Programs, fiscal years 1956 and 1957

July-June 1955-57

Product	1956		1957	
	Quantity	Value	Quantity	Value
	1,000 lb.	1,000 dol.	1,000 lb.	1,000 dol.
Lard.....	103,815	13,496	57,141	7,932
Tallow.....	58,712	5,969	29,879	3,202
Meat products:				
Frozen beef.....	23,804	6,403	7,656	1,990
Canned meat.....	¹ 1,300	¹ 236	499	248
Variety meats.....	--	--	814	243
Live animals.....	13	332	2	2
Cattle hides and calf skins.....	25,059	3,661	22,203	3,322
Total.....	212,703	30,097	118,194	16,939

¹ Includes some poultry.

who participated in both projects are believed to have been instrumental in the decision of the Agricultural Bank of Peru to make \$2 million available for the importation of livestock for breeding.

Also, FAS sent a U. S. sheep specialist to Peru to help the government develop a program, particularly in the drought areas, for sheep replacement and improvement. During his stay the Peruvian Agricultural Bank authorized an initial purchase for dollars of 60 U. S. Corriedale sheep and has since made additional purchases.

In Peru, too, a demonstration herd of U. S. breeds of swine has been established by an FAS project in cooperation with the National College of Agriculture. The 14 head of purebred swine were purchased for dollars in the United States by a representative of the college. They will be on display at the college for a minimum of 4 years and their production records publicized. A second swine market development project sent a U. S. specialist to Chile, Argentina, Brazil, Venezuela, and Mexico this fall to work with government officials, breed associations, and farmers to promote U. S. swine.

International Trade Fairs

U. S. meat and meat products have been displayed at two recent international trade

fairs. The exhibits were staged through the cooperation of FAS and private trade. One of them was the fair in Tokyo. There, an exhibit which attracted wide interest was made up of figures sculptured in soap, manufactured from U. S. beef tallow. The figures were selected from nearly 5,000 carvings submitted by children in Japan's primary and junior high schools. The Japanese Fats and Oils Processing Industry sponsored the contest. Other features of the tallow exhibit included a large model of a U. S. steer, an artist's impression of the transformation of U. S. beef tallow into soap products, and a display of all kinds of soap produced from U. S. tallow.

The other fair was in Cologne, Germany, where an exhibit of U. S. products was arranged by FAS and featured a display by the American Meat Institute of canned meats, sausage, and lard.

TOBACCO

Export Situation

Exports of unmanufactured tobacco from the United States during fiscal 1957 (501 million pounds, export weight) were 13 percent below those of the previous fiscal year's near-record high of 578 million. The value of exports, at \$340 million, was only 11 percent below the fiscal year 1956 value, reflecting higher prices paid for

Tobacco, unmanufactured: U. S. exports under specified programs and cash sales, 1949-56

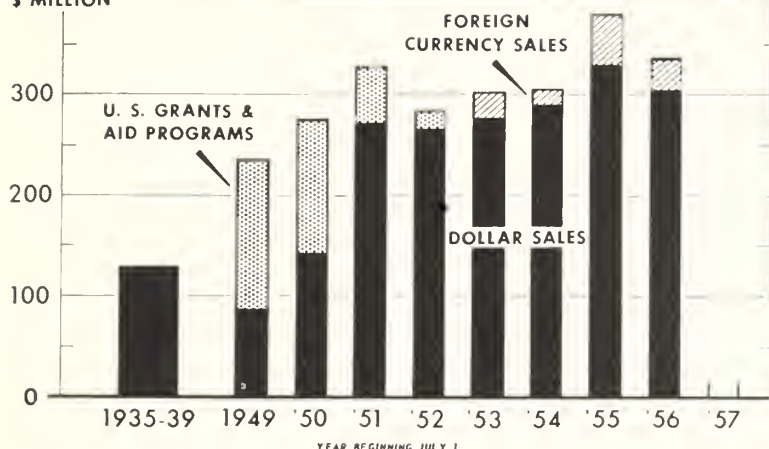
Year beginning July 1	Dollar sales	U.S. grants and aid programs	Foreign currency sales ¹	Total
	<i>Mil. dol.</i>	<i>Mil. dol.</i>	<i>Mil. dol.</i>	<i>Mil. dol.</i>
1949.....	86	149	--	235
1950.....	142	132	--	274
1951.....	271	56	--	327
1952.....	265	20	--	285
1953.....	274	--	27	301
1954.....	291	--	15	306
1955 ²	323	--	57	380
1956 ²	306	--	34	340

¹ For 1953, all sales under Sec. 550 of the Mutual Security Act; for 1954, includes about \$4.0 million under Title I of P. L. 480, and about \$11.0 million under Sec. 550; for 1955, includes about \$55.7 million under Title I of P. L. 480, with the balance Sec. 402 of P. L. 665; for 1956, about \$33.4 million under Title I of P. L. 480, with the balance Sec. 402 of P. L. 665.

² Preliminary.

Tobacco Export Sales for Dollars Continue High

\$ MILLION



USDA

FAS-NEG 1417

U. S. leaf. The lower level of exports during fiscal 1957 was the result of several developments here and abroad. Stocks had been built up in a number of major importing countries and larger supplies were available for export in competing exporting countries. In addition, U. S. tobaccogrowers in 1956 produced a higher proportion of certain qualities of flue-cured leaf that lacked sufficient flavor, aroma, and body to meet the requirements of foreign customers.

Although last year's exports were considerably below those for fiscal 1956, they were 10 percent, by volume, above the average for the fiscal years 1953-55. They were also one-sixth larger than the immediate prewar average.

Price increases resulted in a record export value in fiscal 1956 and the second highest in the last fiscal year. Regular export sales for dollars in fiscal 1956 and 1957 were above all previous years, and far above those of the early postwar years, when a substantial proportion of exports moved under Government aid programs.

A number of favorable factors have encouraged exports of U. S. tobacco since the end of World War II. These include (1) increasing foreign consumption of cigarettes in which relatively large percentages of U. S. leaf are used, (2) generally higher quality of U. S. tobacco, (3) low stocks of tobacco abroad, especially during the early postwar years, (4) improving gold-and-dollar-reserves position

of important tobacco markets, (5) U. S. Government aid programs, and (6) superior sales efforts by the U. S. tobacco industry.

On the other hand, exports have been affected adversely by trade barriers imposed by foreign countries, including preferential tariffs, licensing and exchange controls, and bilateral trading arrangements. Supplies of competitive tobaccos are larger than in previous years, and prices are generally lower than in the United States. As supplies of competitive tobaccos increase and enter world trade at lower prices than U. S. leaf, the price factor will become more and more important in export sales.

Export prospects for fiscal 1958 are clouded by the limited quantities of leaf that will become available for export from the 1957 crop of flue-cured tobacco. As a result of a sharp cut in acreage allotments, Soil Bank commitments, and emphasis on lower yielding (but more desirable) varieties, the 1957 crop of flue-cured was the lowest since 1943. Prices rose above those paid for the 1956 crop. It is likely that exports for fiscal 1958 will decline moderately from the fiscal 1957 level.

Market Surveys and Analyses

Tobacco marketing specialists have visited every important market in the world to help promote aggressively the exports of U. S. tobacco. During fiscal year 1957, specialists visited 24 foreign markets in the Far East, Europe, and South America.

In the fall of 1956, a tobacco marketing specialist visited Italy, France, and five countries in the Far East. In Japan, Thailand, Italy, and France he worked with the U. S. agricultural attaché and foreign trade groups in evaluating progress on tobacco market development projects and helped work out desirable changes. During his stay in Thailand, the specialist helped plan and make arrangements for the tobacco exhibit at the Constitution Trade Fair. In the other countries he made surveys of possibilities for projects.

A marketing specialist undertook an on-the-spot study of market possibilities for U. S. tobacco in 10 countries of West Europe

and in Poland during March-April 1957. He found that tobacco importers and manufacturers in Western Europe were gratified by the curtailment of production of tobacco varieties which lack flavor, aroma, and other qualities Europeans prefer. However, he also found that they were concerned about the much smaller 1957 crop of flue-cured tobacco and prospective higher prices for the grades desired. He called attention to the advisability of American growers using varieties and cultural practices that will produce a high percentage of bodied flue-cured leaf with the flavor and aroma Europeans like.

His findings were released to the tobacco industry. Growers planted over 95 percent of the 1957 crop in desirable varieties, and price supports were lowered on undesirable varieties.

In April 1957, a marketing specialist made an on-the-spot survey of the tobacco situation in several South American countries. He reported that the potential existed for increased U. S. exports to certain areas, but for the time being there was little prospect of much improvement in U. S. exports to South America for several reasons--among them, low per capita incomes and consumer preference for locally produced dark tobaccos.

Market Information and Services

In fiscal 1957 tobacco news items in the weekly Foreign Crops and Markets totaled 165. They were widely reprinted in leading tobacco trade journals here and abroad. Four special circulars were released to the tobacco trade. Semiannual circulars reviewing the status of programs and shipments of tobacco financed under Title I, Public Law 480, have been of special interest to tobacco exporters and trade associations. Two comprehensive world analysis bulletins, covering current aspects of foreign production and marketing, were also published.

In July 1956 a tobacco specialist prepared the lead article for an important U. S. tobacco trade journal. The article summarized the world tobacco situation, with emphasis on export trade problems and efforts being made by FAS to achieve a solution. During fiscal year 1957 several press releases were issued stressing the importance of producing for the market tobacco having qualities most desired by foreign importers. It is believed that the

wide circulation given these releases assisted materially in encouraging tobacco growers to produce in 1957 the traditional varieties with qualities most desired by customers abroad.

A special article on the export outlook was prepared for the USDA Outlook Conference held in November 1956. It included not only statistical material but also an analysis of the problems facing tobacco exporters in world markets and a review of programs undertaken by FAS in attempting to solve the export problems.

Staff members made a number of trips into the U. S. tobacco marketing areas to observe the effects of foreign demand on auction sales. They also attended numerous conferences and trade meetings to summarize their impression of the foreign marketing situation gained from on-the-spot surveys abroad. Several speeches were given by staff members during fiscal 1957--among them, addresses at the annual meeting of the Tobacco Association of the United States, the conference of the Bright Belt Warehouse Association, and the Richmond, Virginia Export-Import Club.

Reducing Foreign Trade Barriers

Much of the world is not a free market for tobacco. There are economic and political alliances of countries which are major tobacco producing and importing areas. Many important tobacco markets continue to place emphasis on imports from countries which provide outlets for their manufactured products. As a result of these policies, artificial barriers have been set up against U. S. leaf tobacco imports.

It is extremely difficult to obtain any significant relaxation of these restrictions. As long as U. S. imports of goods and services remain well below exports, tobacco will continue to face import barriers set up by foreign countries. Continued efforts, however, are being made to obtain a relaxation of restrictions wherever possible and to prevent more stringent measures from being imposed. The latter is especially important as continued pressure is exerted by tobacco producing countries to strengthen the existing favored treatment they enjoy in important markets.

A new market for duty-free U. S. tobacco (dark air-cured) was opened in the Union of South Africa during fiscal 1957, as the result of cooperative efforts of a tobacco marketing specialist and the agricultural

attaché stationed in Pretoria. The waiver of duty (49 cents per pound) was the only reason that U. S. tobacco could be sold in that market. These exports, amounting to more than 2 million pounds, were of substantial assistance in improving the marketing situation for dark air-cured leaf. The program was continued during fiscal 1958, and it is expected that substantial quantities of leaf, which otherwise would not move, will be exported to the Union.

Colombia, a major market for U. S. cigarettes, imposed a ban on imports of this commodity in November 1956. The ban, however, was lifted in July of 1957, partly as a result of representations made by the attaché in Bogotá.

Statements and recommendations were prepared for use by the country committees working on position papers for the GATT negotiations held in the summer and fall of 1957 on discriminations ostensibly imposed for balance-of-payments reasons. Analyses were made of the effects of the restrictions imposed on U. S. tobacco by the various countries participating in the discussions. Arguments in behalf of removal of these restrictions were presented, with statistical justification wherever necessary.

Export Programs

Emphasis continues to be placed on encouraging export sales of tobacco for dollars. During fiscal year 1957, such sales represented about 90 percent of the export value of total sales.

The most important programs contributing to exports of tobacco during fiscal year 1957 were the following.

CCC Export Sales.--Demand for fire-cured and dark air-cured tobacco has been declining in the United States and in the world generally for a number of years as a result of the world-wide shift toward lighter types. To help dispose of old stocks of dark tobaccos, USDA in April 1956 announced that certain grower association stocks of dark tobaccos would be offered for export on a competitive bid basis. About 18 million pounds had been sold under this program as of June 30, 1957. This program not only helps dispose of burdensome stocks of dark tobaccos, but also makes it possible for these tobaccos to be sold in world markets that can afford to purchase tobacco only at a relatively low price.

Export Credits.--For a number of years some of the major competitive exporters of leaf tobacco have been offering credit terms to expand exports. However, on April 10, 1956, the first sale of tobacco under CCC's export credit sales program was made by a grower's association, which sold 58,000 pounds of recent crop fire-cured tobacco to a U. S. exporter for shipment to Western Europe.

As of June 30, 1957, about 6.5 million pounds of U. S. tobacco had been sold under provisions of this credit arrangement. It is expected that this arrangement will enable a number of importing countries to effect long-term planning in their purchases of U. S. tobacco and will also enable them to more readily meet their usual marketings under Title I of Public Law 480.

Sales for Foreign Currencies.--From the beginning of the program in September 1954 through June 30, 1957, sales of about \$111 million, or about 155 million pounds of tobacco, have been provided for under Title I of Public Law 480 through 39 agreements with 19 countries.

Tobacco: Value and estimated quantities covered by Title I, Public Law 480 agreements, 1954 through June 30, 1957

Country	Quantity (est.)	Value
	<i>Mil. lbs.</i>	<i>Mil. dol.</i>
Austria.....	6.2	3.8
Brazil.....	.1	.2
Burma.....	2.7	2.1
Chile.....	.4	.3
Rep. of China (Taiwan).....	2.0	1.7
Ecuador.....	.9	.7
Finland.....	11.6	7.0
France.....	3.9	2.1
Iceland.....	.2	.2
India.....	6.0	6.0
Indonesia.....	23.0	15.0
Israel.....	.6	.4
Italy.....	11.5	8.9
Japan.....	9.8	7.8
Korea.....	8.4	6.7
Pakistan.....	5.3	4.9
Spain.....	10.8	6.2
Thailand.....	5.3	4.1
United Kingdom.....	46.6	33.0
Total.....	155.3	111.1

During fiscal year 1957, Public Law 480 agreements were signed which provided for the sale of about 35 million pounds of U. S. tobacco.

Tobacco sold under the program must be used to increase the stock level or increase consumption. In this respect the program for tobacco has been successful. For example, in fiscal year 1956, dollar sales exceeded total exports in fiscal 1955 by about 34 million pounds. In addition, about 80 million pounds of tobacco were shipped under provisions of Public Law 480 during fiscal 1956. During fiscal year 1957, about \$33 million worth of U. S. tobacco was sold under provisions of Public Law 480, and in spite of a number of unfavorable factors, dollar sales were well above the 1953-55 average, but slightly below the record fiscal year 1956 level.

Examples of significant developments under Public Law 480 are (1) agreements with Korea and Burma represent new post-war markets for U. S. tobacco, (2) arrangements have been made to ship cut tobacco in bulk to countries such as Spain and Ecuador, (3) several countries, including the United Kingdom, built their stocks of tobacco to more normal levels, (4) several countries have been able to introduce new brands of American-type cigarettes, resulting in increased use of U. S. tobacco and additional revenue for the country concerned, and (5) the usual marketing import requirements under the program were an important factor in helping increase dollar sales during the past 3 years.

Foreign Aid Financing.--During fiscal 1956, tobacco was made eligible for sale as a part of triangular trade transactions under Section 402 of the Mutual Security Act. Under this program \$1,650,000 worth of fire-cured tobacco was sold to France and \$650,000 worth of fire-cured tobacco to Italy. The tobacco was exported to France during fiscal 1956 and to Italy during fiscal 1957. This program was helpful also in disposing of dark fire-cured tobacco which was in surplus and permitted France and Italy to purchase the tobacco with local currency. Too, it permitted these two countries to sell manufactured goods to underdeveloped countries as required for U. S. aid programs.

Private Trade Activities

There are over 100 exporters of U. S. tobacco. Officials of most of these firms

have long-established relations with tobacco importers in foreign countries and send representatives abroad each year to aggressively promote sales of U. S. tobacco. U. S. exporters are also represented in many countries of the world by sales agents whose daily task it is to make sales of U. S. leaf. Tobacco exporters work closely with FAS marketing specialists in a co-operative effort to expand sales of U. S. tobacco.

Four major tobacco trade associations have the common goal of increasing the exports of U. S. tobacco:

Tobacco Associates, Inc.

Leaf Tobacco Exporters Association

Burley and Dark Leaf Tobacco Export Association

National Cigar Leaf Tobacco Association

Officials of the tobacco trade associations travel periodically to the major tobacco importing countries to make on-the-spot appraisals of tobacco export opportunities. Through trade publications and trade magazines, these officials disseminate important market information.

One of the associations has a blending expert stationed in Europe. He travels to various countries of Europe and nearby countries to help manufacturers who use U. S. Burley tobacco with their blending problems and encourages manufacturers to use as much U. S. Burley tobacco as is feasible.

Projects Using Foreign Currencies

In many of the countries that have purchased tobacco under Public Law 480, the USDA and U. S. tobacco trade have developed projects, in cooperation with the foreign tobacco trade groups, which are designed to help increase consumption of U. S. tobacco. To help develop new markets for U. S. tobacco, the following types of projects have been undertaken:

Advertising and expanding the consumption of tobacco products that use a high percentage of U. S. leaf.

Travel of foreign tobacco officials to the United States to learn more about processing, manufacturing, and distribution.

Training research personnel and establishment of pilot plants for improving storage and processing of U. S. tobacco.

Research projects, such as market analysis surveys and consumer preference studies.

During fiscal year 1957, 10 such market development projects were undertaken with 9 countries.

In Japan, the promotional project, begun in May 1956, has been expanded and extended until June 1958. It is an intensive promotional project by the U. S. tobacco trade, FAS, and the Japanese Tobacco Monopoly for expanding sales of Japanese brands of cigarettes containing U. S. leaf.

Accomplishments under the project in Japan are:

1. In a spirit of cooperation, prior to the start of the project on some of the brands containing U. S. leaf, the Japanese raised the percentage of U. S. leaf and lowered prices.

2. Estimated consumption of U. S. leaf in Japan rose during 1956 to about 6.9 million pounds from 5.3 million pounds in 1955. The project was apparently an important factor in this increase.

3. The Monopoly introduced a new American-type filter cigarette in June 1957 which contains U. S. leaf. The office of the U. S. agricultural attache in Tokyo has indicated that in its opinion the Monopoly's decision to use U. S. leaf in the new cigarette is a result of attaché's work with the Monopoly under the promotion project.

4. An extensive tobacco exhibit at the Tokyo fair in the spring of 1957 was coordinated with the promotional project.

Other projects have provided for the visit to the United States of key officials of the tobacco trade from Finland, Austria, France, Thailand, Japan, and Korea. These projects helped the foreign officials learn more about U. S. methods of marketing, storage, processing, advertising, and distribution of tobacco products. The officials visited universities, tobacco auctions, tobacco storage and redrying firms, tobacco manufacturing firms, and advertising firms. After completion of their visit, several of the officials indicated that they plan to introduce new brands of American-type cigarettes and to improve their processing and distribution operations. Officials from three of these countries discussed plans for promotion projects which will be in operation during fiscal year 1958.

During the summer of 1956 the field work on a market analysis survey in Spain was completed. This on-the-spot study was conducted by two agricultural economists from the University of Kentucky to determine the potential market for U. S.

tobacco in Spain. The findings indicate that the U. S. tobacco trade can anticipate a moderate expansion in exports in Spain. A detailed bulletin is being published.

In Italy a consumer preference survey of tobacco products was conducted during fiscal 1957. An agricultural economist of the University of Tennessee represented the U. S. tobacco trade in working out arrangements for this study with an Italian research organization and the Monopoly. This study will be directed toward obtaining information on buying practices of consumers, consumer judgment as to how prices and brand (or type of cigarette) influence the quantity purchased, and the relationship of buying practices to advertising and knowledge of the various brands of cigarettes. It is expected that the study will indicate how the consumption of Italian brand cigarettes containing U. S. leaf and American cigarettes may be increased. Based on results of this study, it is expected that promotional projects may be undertaken to help increase the consumption of U. S. tobacco in Italy.

In Burma the field work on a tobacco market survey was completed in June 1957. This survey was conducted by a tobacco specialist from North Carolina State College to determine the potential market for U. S. tobacco in Burma.

A project has been undertaken in Thailand to help train research personnel and pay part of the initial operating expenses for a pilot research plant. The project is expected to help improve the methods of storing and processing U. S. tobacco. Plans are now under way for a promotional project to help expand the consumption of U. S. tobacco in Thailand.

International Trade Fairs

During fiscal year 1957, tobacco market promotion exhibits were displayed at Bangkok, Tokyo, and Barcelona.

The tobacco exhibit at the fair in Bangkok was a joint undertaking by FAS, the Thailand Tobacco Monopoly, and the U. S. Department of Commerce. The exhibit contained full-size production models of cigarette making, packaging, and cellophane machines. A special feature of the exhibit was the distribution of 600,000 free "Kled Thong" (American-type) cigarettes, which contained about 65 percent U. S. tobacco. These were fixed to small cards on which were printed "To the Thai people from their friends

the American people." Large crowds saw the exhibit and received cigarettes.

This exhibit was coordinated with the U. S. tobacco market development program in Thailand, and was the beginning of an intensive tobacco promotional project planned for tobacco products using U. S. leaf.

At the Tokyo fair the tobacco exhibit was sponsored jointly by FAS, the U. S. tobacco trade, and the Japan Tobacco Monopoly. One of the features of this exhibit was the continuous on-the-spot manufacture and packaging of Japanese cigarettes containing U. S. tobacco. Fair visitors received samples of these cigarettes, which were a blend of U. S. and Japanese tobacco. The

tobacco exhibit was closely coordinated with the market development project in Japan.

The tobacco exhibit at the Barcelona fair was sponsored jointly by the U. S. Department of Agriculture, the U. S. tobacco trade, and the Spanish tobacco monopoly. The exhibit could be seen by visitors outside the pavilion as well as those inside. Photographs of contemporary prints and rotating panels were used with text giving (1) a short historical survey of tobacco growing and manufacture in the United States, (2) examples of different types of tobacco imported into Spain from the United States, and (3) an indication of the importance of the U.S. tobacco industry in the world market.

